BERGRIVIER
MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2016

BERGRIVIER MUNICIPALITY

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BERGRIVIER MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Bergrivier Municipality is a local municipality performing the functions as set out in the Constitution.

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Bergrivier Municipality includes the towns of Piketberg, Porterville, Velddrift, Aurora, Eendekuil, Redelinghuys Dwarskersbos, Goedverwacht en Wittewater.

MEMBERS OF THE MAYORAL COMMITTEE

	Current	Prior to Municipal Elections
Executive Mayor	EB Manuel	EB Manuel
Deputy Executive Mayor	SM Crafford	SM Crafford
Executive Councillor	RM van Rooy	RM van Rooy (terminated 3 June 2016)
Executive Councillor	M Wessels	A de Vries

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

JA van Niekerk

REGISTERED OFFICE

P.O. Box 60
PIKETBERG
7320

AUDITORS

Auditor-General
Private Bag X1
Chempet
7442

PRINCIPLE BANKERS

ABSA Bank

ATTORNEYS

De Villiers Van Zyl
Swemmer & Levin
Jacques Ehlers Prokureurs

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act 44 of 2003)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

BERGRIVIER MUNICIPALITY

MEMBERS OF THE BERGRIVIER MUNICIPALITY

WARD	COUNCILLORS	PRIOR TO MUNICIPAL ELECTIONS
1	J Daniels	JA Raats
2	AJ Du Plooy	WJ Dirks
3	A De Vries	JC Botha
4	RM van Rooy	RM van Rooy (terminated 3 June 2016)
5	JJ Josephus	DJ Smith
6	A Small	CJ Snyders
7	SM Crafford	SM Crafford
Proportional	EB Manual	EB Manuel
Proportional	MA Wessels	A de Vries
Proportional	SR Claassen	SR Claassen
Proportional	SIJ Smit	SIJ Smit
Proportional	J Swart	A Maarman
Proportional	SS Lesch	C Snyders

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 83 in terms of Section 126 (1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

H Krohn
Acting Municipal Manager

31/5/16
Date

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R	Restated 2015 R
NET ASSETS AND LIABILITIES			
Net Assets		**294 377 179**	**268 906 176**
Capital Replacement Reserve	**2**	15 230 500	12 172 050
Housing Development Fund	**2**	504 574	551 987
Accumulated Surplus/(Deficit)		278 642 105	256 182 139
Non-Current Liabilities		**147 682 123**	**139 993 032**
Long-term Liabilities	**3**	48 401 248	46 732 501
Non-current Provisions	**4**	57 040 942	55 933 814
Non-current Employee Benefits	**5**	42 239 933	37 326 717
Current Liabilities		**44 514 623**	**43 568 461**
Consumer Deposits	**6**	3 149 235	2 872 801
Current Employee Benefits	**7**	9 082 312	8 342 226
Payables from exchange transactions	**8**	25 634 191	26 890 921
Unspent Conditional Government Grants and Receipts	**9**	2 997 486	1 487 027
Taxes	**10**	-	1 021 566
Current Portion of Long-term Liabilities	**3**	3 651 399	2 953 920
Total Net Assets and Liabilities		**486 573 925**	**452 467 669**
ASSETS			
Non-Current Assets		**349 239 613**	**334 574 168**
Property, Plant and Equipment	**11**	331 937 917	319 100 478
Investment Property	**12**	12 860 805	12 860 805
Intangible Assets	**13**	2 043 519	1 175 123
Heritage Assets	**14**	454 012	454 012
Long-term Receivables	**15**	1 943 360	983 750
Current Assets		**137 334 312**	**117 893 501**
Inventory	**16**	3 059 295	2 807 211
Receivables from exchange transactions	**17**	38 148 665	40 502 314
Receivables from non-exchange transactions	**18**	28 137 577	24 752 312
Unpaid Conditional Government Grants and Receipts	**9**	-	80 770
Operating Lease Asset	**19**	75 601	81 069
Taxes	**10**	440 600	-
Current Portion of Long-term Receivables	**15**	1 813 055	1 325 799
Cash and Cash Equivalents	**20**	65 659 519	48 344 026
Total Assets		**486 573 925**	**452 467 669**

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	Restated 2015 R
REVENUE			
Revenue from Non-exchange Transactions		**151 989 362**	**121 872 209**
Taxation Revenue		**52 508 447**	**49 208 046**
Property Rates	**21**	52 508 447	49 208 046
Transfer Revenue		**92 210 589**	**66 559 590**
Government Grants and Subsidies	**22**	92 210 589	65 702 818
Contributed Property, Plant and Equipment	**23**	-	856 772
Other Revenue		**7 270 326**	**6 104 573**
Fines		7 001 397	6 104 573
Actuarial Gains	**5**	268 929	-
Revenue from Exchange Transactions		**156 575 124**	**142 319 764**
Service Charges	**24**	138 273 460	126 755 452
Rental of Facilities and Equipment	**25**	4 291 826	3 657 275
Interest Earned - external investments	**26**	4 296 966	3 232 674
Interest Earned - outstanding receivables	**27**	3 776 001	3 197 469
Licences and Permits		2 091 634	1 844 654
Income for Agency Services		2 199 847	2 013 969
Other Income	**28**	1 645 390	1 618 271
Total Revenue		**308 564 486**	**264 191 973**
EXPENDITURE			
Employee related costs	**29**	(96 066 313)	(86 530 847)
Remuneration of Councillors	**30**	(5 281 515)	(4 848 895)
Debt Impairment	**31**	(7 764 258)	(6 964 892)
Depreciation and Amortisation	**32**	(17 521 385)	(15 825 173)
Repairs and Maintenance		(6 443 170)	(5 058 735)
Actuarial Losses	**5**	(885 426)	(749 790)
Finance Costs	**33**	(11 582 399)	(11 614 680)
Bulk Purchases	**34**	(73 029 500)	(63 247 451)
Grants and Subsidies Paid	**35**	(3 214 250)	(3 090 500)
General Expenses	**36**	(61 373 815)	(30 808 801)
Total Expenditure		**(283 162 031)**	**(228 739 764)**
Operating Surplus for the Year		**25 402 455**	**35 452 209**
Gains/(Loss) on Sale of Assets	**37**	68 548	(84 595)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**25 471 003**	**35 367 614**

BERGRIVIER MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Capital Replacement Reserve	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2014	**9 556 500**	**563 857**	**224 610 512**	**234 730 869**
Correction of error restatement - note 38.5	-	-	(1 192 306)	(1 192 306)
Restated balance	9 556 500	563 857	223 418 206	233 538 563
Net Surplus/(Deficit) for the year	-	-	35 367 614	35 367 614
Transfer to/from CRR	7 217 540	-	(7 217 540)	-
Property, Plant and Equipment purchased	(4 601 990)	-	4 601 990	-
Transfer to Housing Development Fund	-	(11 870)	11 870	-
Balance at 30 June 2015	**12 172 050**	**551 987**	**256 182 139**	**268 906 176**
Net Surplus/(Deficit) for the year	-	-	25 471 003	25 471 003
Transfer to/from CRR	10 215 487	-	(10 215 487)	-
Property, Plant and Equipment purchased	(7 157 037)	-	7 157 037	-
Transfer to Housing Development Fund	-	(47 413)	47 413	-
Balance at 30 June 2016	**15 230 500**	**504 574**	**278 642 105**	**294 377 179**

BERGRIVIER MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	Restated 2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		51 010 061	46 429 962
Sale of goods and services		139 376 722	124 610 594
Grants		93 801 818	60 041 864
Investment Income		4 296 966	3 232 674
Other receipts		9 701 781	10 010 161
Cash payments			
Employee costs		(99 717 288)	(89 910 808)
Suppliers		(142 487 106)	(92 238 926)
Finance costs		(5 798 289)	(6 253 205)
Transfers and Grants		(3 214 250)	(3 090 500)
Net Cash from Operating Activities	**41**	**46 970 416**	**52 831 816**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(31 017 002)	(33 731 403)
Purchase of Intangible Assets		(1 204 244)	(599 314)
(Increase)/Decrease in Long-term Receivables		-	27 000
Proceeds on Disposal of Assets		105 263	-
Net Cash from Investing Activities		**(32 115 983)**	**(34 303 717)**
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		6 130 000	-
Loans repaid		(3 945 374)	(4 094 034)
Increase/(Decrease) in Consumer Deposits		276 434	193 824
Net Cash from Financing Activities		**2 461 060**	**(3 900 210)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		17 315 493	14 627 889
Cash and Cash Equivalents at the beginning of the year		48 344 026	33 716 137
Cash and Cash Equivalents at the end of the year	**42**	65 659 519	48 344 026
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**17 315 493**	**14 627 889**

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	Original Budget R	Budget Adjustments R	Final Budget R	Actual Outcome R	Actual Outcome vs Budget R
ASSETS						
Current Assets						
Cash		22 627 412	10 923 141	33 550 553	60 032 264	26 481 711
Call Investment Deposits		20 000 000	16 559 660	36 559 660	5 627 255	(30 932 405)
Consumer Debtors		60 030 235	9 364 067	69 394 301	62 146 449	(7 247 852)
Other Debtors		2 056 937	1 716 126	3 773 062	4 655 994	882 932
Current Portion of long-term receivables		-	-	-	1 813 055	1 813 055
Inventory		1 027 710	2 035 652	3 063 362	3 059 295	(4 067)
Total Current Assets	**43.2.1**	**105 742 293**	**40 598 646**	**146 340 939**	**137 334 312**	**(9 006 628)**
Non-Current Assets						
Long-term receivables		1 702 107	150 549	1 852 656	1 943 360	90 704
Investment Property		13 728 760	(867 955)	12 860 805	12 860 805	-
Property, Plant and Equipment		339 124 269	(4 614 765)	334 509 504	332 391 929	(2 117 575)
Intangible Assets		3 639 129	(767 507)	2 871 623	2 043 519	(828 104)
Total Non-Current Assets	**43.2.2**	**358 194 265**	**(6 099 678)**	**352 094 588**	**349 239 613**	**(2 854 974)**
TOTAL ASSETS		**463 936 558**	**34 498 968**	**498 435 527**	**486 573 925**	**(11 861 602)**
LIABILITIES						
Current Liabilities						
Borrowing		-	-	-	3 651 399	3 651 399
Consumer Deposits		2 964 793	107 801	3 072 594	3 149 235	76 641
Trade and Other Payables		36 352 439	12 074 295	48 426 734	28 631 677	(19 795 057)
Provisions		6 090 463	1 088 449	7 178 912	9 082 312	1 903 400
Total Current Liabilities	**43.2.3**	**45 407 695**	**13 270 545**	**58 678 240**	**44 514 623**	**(14 163 617)**
Non-Current Liabilities						
Borrowing		58 747 031	(6 690 264)	52 056 767	48 401 248	(3 655 519)
Provisions		69 448 576	32 000 908	101 449 484	99 280 875	(2 168 609)
Total Non-Current Liabilities	**43.2.4**	**128 195 607**	**25 310 644**	**153 506 251**	**147 682 123**	**(5 824 128)**
TOTAL LIABILITIES		**173 603 302**	**38 581 189**	**212 184 492**	**192 196 746**	**(19 987 746)**
NET ASSETS						
Accumulated Surplus/(Deficit)		279 624 425	(6 134 527)	273 489 898	278 642 105	5 152 207
Reserves		10 708 831	2 052 306	12 761 137	15 735 074	2 973 937
TOTAL NET ASSETS	**43.2.5**	**290 333 256**	**(4 082 221)**	**286 251 035**	**294 377 179**	**8 126 144**

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Original Budget R	Budget Adjustments R	Final Budget R	Actual Outcome R	Actual Outcome vs Final Budget R
REVENUE						
Property Rates		51 928 000	(814 000)	51 114 000	52 508 447	1 394 447
Service Charges - Electricity Revenue		89 576 000	1 200 000	90 776 000	86 484 265	(4 291 735)
Service Charges - Water Revenue		24 230 000	400 000	24 630 000	23 629 312	(1 000 688)
Service Charges - Sanitation Revenue		9 558 000	300 000	9 858 000	10 211 626	353 626
Service Charges - Refuse Revenue		15 948 000	670 000	16 618 000	17 072 032	454 032
Rental of Facilities and Equipment		3 697 000	-	3 697 000	4 323 309	626 309
Interest Earned - External Investments		2 250 000	1 000 000	3 250 000	4 296 966	1 046 966
Interest Earned - Outstanding Debtors		3 000 000	300 000	3 300 000	3 776 001	476 001
Fines		4 107 000	-	4 107 000	7 001 397	2 894 397
Licences and Permits		1 560 000	-	1 560 000	1 219 081	(340 919)
Agency Services		2 041 000	-	2 041 000	2 199 847	158 847
Transfers Recognised - Operational		40 517 000	40 664 272	81 181 272	72 092 906	(9 088 366)
Other Revenue		3 337 000	187 600	3 524 600	3 917 700	393 100
Gain on Disposal of PPE		-	-	-	68 548	68 548
Total Revenue (excluding capital transfers and contributions)	**43.2.6**	**251 749 000**	**43 907 872**	**295 656 872**	**288 801 437**	**(6 855 435)**
EXPENDITURE						
Employee Related Costs		97 727 000	(532 236)	97 194 764	96 066 313	(1 128 451)
Remuneration of Councillors		5 274 140	(700 720)	4 573 420	5 281 515	708 095
Debt Impairment		3 823 440	699 560	4 523 000	7 764 257	3 241 257
Depreciation and Asset Impairment		17 944 000	95 000	18 039 000	17 521 386	(517 614)
Finance Charges		10 892 892	826 714	11 719 606	11 582 399	(137 207)
Bulk Purchases		72 292 000	130 000	72 422 000	73 029 500	607 500
Transfers and Grants		3 331 000	-	3 331 000	3 214 250	(116 750)
Other Expenditure		46 945 000	41 968 800	88 913 800	68 702 409	(20 211 391)
Total Expenditure	**43.2.7**	**258 229 472**	**42 487 118**	**300 716 590**	**283 162 029**	**(17 554 561)**
Surplus/(Deficit)		**(6 480 472)**	**1 420 754**	**(5 059 718)**	**5 639 408**	**10 699 126**
Transfers Recognised - Capital		55 301 000	(34 624 956)	20 676 044	19 831 596	(844 448)
Contributions Recognised - Capital		-	-	-	-	-
Surplus/(Deficit) for the year		**48 820 528**	**(33 204 202)**	**15 616 326**	**25 471 004**	**9 854 678**

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Original Budget R	Budget Adjustments R	Final Budget R	Actual Outcome R	Actual Outcome vs Final Budget R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges		51 928 000	(814 000)	51 114 000	51 010 061	(103 939)
Service charges		137 568 203	10 676 343	148 244 546	139 376 722	(8 867 824)
Other revenue		12 644 889	(2 144 599)	10 500 290	9 701 781	(798 509)
Government		95 818 000	5 655 500	101 473 500	93 801 818	(7 671 682)
Interest		2 250 000	1 000 000	3 250 000	4 296 966	1 046 966
Payments						
Suppliers and Employees		(255 057 877)	26 876 153	(228 181 724)	(242 204 393)	(14 022 669)
Finance Charges		(10 892 892)	6 962 892	(3 930 000)	(5 798 289)	(1 868 289)
Transfers and Grants		(3 331 000)	-	(3 331 000)	(3 214 250)	116 750
Net Cash from/(used) Operating Activities	**43.2.8**	**30 927 323**	**48 212 289**	**79 139 612**	**46 970 416**	**(32 169 196)**
CASH FLOW FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE		-	-	-	105 263	105 263
Decrease/(Increase) in Other Non-Current Receivables		851 053	(1 001 602)	(150 549)	-	150 549
Payments						
Capital Assets		(30 750 050)	(14 173 748)	(44 923 798)	(32 221 246)	12 702 552
Net Cash from/(used) Investing Activities	**43.2.9**	**(29 898 997)**	**(15 175 350)**	**(45 074 347)**	**(32 115 983)**	**12 958 364**
CASH FLOW FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing		6 130 000	-	6 130 000	6 130 000	-
Increase/(Decrease) in Consumer Deposits		135 792	(27 991)	107 801	276 434	168 633
Payments						
Repayment of Borrowing		(2 465 335)	(10 354 929)	(12 820 264)	(3 945 374)	8 874 890
Net Cash from/(used) Financing Activities	**43.2.10**	**3 800 457**	**(10 382 920)**	**(6 582 463)**	**2 461 060**	**9 043 523**
NET INCREASE/(DECREASE) IN CASH HELD		**4 828 783**	**22 654 019**	**27 482 802**	**17 315 493**	**(10 167 309)**
Cash and Cash Equivalents at the year begin:		37 798 629	4 828 783	42 627 412	48 344 026	5 716 614
Cash and Cash Equivalents at the year end:		42 627 412	27 482 802	70 110 214	65 659 519	(4 450 696)

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:
- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following original GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 18 (Feb 2011)	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.	Unknown
GRAP 20 (Jun 2011)	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown
GRAP 32 (Aug 2013)	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact expected as any such transactions or events are expected in the foreseeable future.	Unknown
GRAP 108 (Sept 2013)	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	Unknown
GRAP 109 (July 2015)	**Accounting by Principles and Agents** The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown

REFERENCE	TOPIC	EFFECTIVE DATE
IGRAP 17 (Aug 2013)	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	Unknown

The above-mentioned standards and interpretations will not have a significant impact on the Municipality once implemented.

The following revised GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 1 (May 2015)	Presentation of Financial Statements	1 April 2016
GRAP 16 (May 2015)	Investment Property	1 April 2016
GRAP 17 (May 2015)	Property, Plant and Equipment	1 April 2016
GRAP 31 (May 2015)	Intangible Assets	1 April 2016
GRAP 103 (May 2015)	Heritage Assets	1 April 2016

When the above-mentioned amended Standards of GRAP become effective, the effect will be insignificant. The amendments to the Standards of GRAP will mainly relate to additional disclosure requirements, the removal of encouraged disclosures and the clarification of accounting principles.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.

- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.18.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		**Other**	
Roads, pavements and bridges	5-50	Buildings	5-50
Storm Water	5-50	Specialist vehicles	2-10
Electricity	5-50	Other vehicles	2-10
Water	3-100	Office equipment	5-30
Sanitation	5-100	Furniture and fittings	5-30
Waste Management	3-50	Watercraft	15
Community		**Other (Continue)**	
Sports fields and Stadia	5-30	Bins and containers	5
Housing	20-30	Specialised plant and	
Security	5	Equipment	5-30
Halls	20-30	Other plant and	
Libraries	20-30	Equipment	2-5
Parks and gardens	20-30	Emergency equipment	10
Other assets	15-20	Computer equipment	3
Finance lease assets			
Office equipment	3		
Other assets	5		
Cell phones	2		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.18.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. INTANGIBLE ASSETS

1.19.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.19.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5
Computer Software Licenses	5

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.19.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.20. INVESTMENT PROPERTY

1.20.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.20.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.20.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	30

Investment property are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.20.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.21. HERITAGE ASSETS

1.21.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.21.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.21.3. Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.21.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.21.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.22. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.22.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.22.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.23. INVENTORIES

1.23.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of telemetry readings and the calculated volume in the distribution network.

1.24. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.24.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (”other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.24.3. De-recognition

1.24.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.25. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.25.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.25.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.25.3. Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 i. derecognise the receivable; and
 ii. recognise separately any rights and obligations created or retained in the transfer.

1.26. REVENUE

1.26.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge. The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably. When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition. If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service

The cost of post-retirement medical obligations and long service are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy 1.26.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.26.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

1.33. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.34. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.35. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

		2016 R	2015 R
2	**NET ASSET RESERVES**		
	RESERVES	15 735 074	12 724 037
	Capital Replacement Reserve	15 230 500	12 172 050
	Housing Development Fund	504 574	551 987
	Total Net Asset Reserve and Liabilities	**15 735 074**	**12 724 037**

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

3	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	51 953 649	49 446 493
	Capitalised Lease Liability - At amortised cost	98 998	239 928
		52 052 647	**49 686 421**
	Less: Current Portion transferred to Current Liabilities	**(3 651 399)**	**(2 953 920)**
	Annuity Loans - At amortised cost	(3 555 221)	(2 658 521)
	Capitalised Lease Liability - At amortised cost	(96 178)	(295 399)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**48 401 248**	**46 732 501**
	As previously reported		46 387 535
	Correction of error restatement - note 38.1		344 966
	Restated balance		46 732 501

3.1 The obligations under annuity loans are scheduled below:

	Minimum payments	
Amounts payable under annuity loans:		
Payable within one year	8 953 664	9 412 236
Payable within two to five years	33 557 108	31 550 449
Payable after five years	59 754 515	60 100 798
	102 265 287	101 063 483
Less: Future finance obligations	(50 311 638)	(51 616 991)
Present value of annuity loans obligations	**51 953 649**	**49 446 493**

3.2 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	102 792	253 721
Payable within two to five years	2 906	354
Payable after five years	-	-
	105 697	254 075
Less: Future finance obligations	(6 700)	(14 147)
Present value of finance lease obligations	**98 998**	**239 928**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Telkom SA Ltd	Telephone System	11%	0%	36 Months	30/06/2016
Auto Page Cellular	Cell Phones	Various	0%	24-28 Months	28/02/2018

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 12

		2016 R	2015 R
4	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	57 040 942	55 933 814
	Total Non-current Provisions	**57 040 942**	**55 933 814**
4.1	***Landfill Sites***		
	Balance 1 July	55 933 814	26 589 799
	Contribution for the year	2 377 845	2 316 278
	Change in Provision for Rehabilitation Cost - IGRAP 2 Adjustment	(1 138 910)	27 118 683
	Expenditure for the year	(131 807)	(90 946)
	Total provision 30 June	**57 040 942**	**55 933 814**
	Less: Transfer of Current Portion to Current Provisions	-	-
	Balance 30 June	**57 040 942**	**55 933 814**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Porterville	Piketberg	Aurora	Redelinghuys
Area (m²)	55 022	57 000	7 370	1 340
Preliminary and general (Rand)	2 343 758	2 609 717	388 002	146 110
Site Preparation (Rand)	134 355	139 185	17 996	3 272
Storm Water Control Measures (Rand)	2 091 985	2 682 554	481 785	432 654
Capping (Rand)	13 017 385	13 521 952	1 747 860	325 605
Leachate Management (Rand)	526 446	779 937	208 339	113 901
Fencing (Rand)	970 960	1 517 210	315 460	168 210
Other (Rand)	403 580	333 440	338 313	327 380
Contingencies (Rand)	1 908 489	2 125 055	315 944	118 975
Engineering (Rand)	1 574 503	1 753 171	260 654	98 155
Construction Monitoring (Rand)	940 010	986 448	430 773	491 413

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimate decommission date	2016 R	2015 R
Porterville	2025	35 004 937	35 924 980
Piketberg	2025	38 800 373	39 664 120
Aurora	2025	6 609 051	6 611 021
Redelinghuys	2025	3 265 080	3 178 714
		83 679 441	**85 378 835**

5	**NON-CURRENT EMPLOYEE BENEFITS**		
	Provision for Post Retirement Health Care Benefits	38 586 722	33 821 235
	Provision for Long Service Awards	5 071 550	4 981 620
	Total Provision	**43 658 272**	**38 802 855**
	Less: Current portion of Employee Benefits	(1 418 339)	(1 476 138)
	Post Retirement Health Care Benefits	(1 080 348)	(916 896)
	Long Service Awards	(337 991)	(559 242)
	Total Non-current Employee Benefits	**42 239 933**	**37 326 717**
	Post Retirement Health Care Benefits		
	Balance 1 July	33 821 235	29 840 133
	Contribution for the year	4 950 480	4 454 418
	Expenditure for the year	(1 070 419)	(947 434)
	Actuarial Loss/(Gain)	885 426	474 118
	Total provision 30 June	**38 586 722**	**33 821 235**
	Less: Transfer of Current Portion to Current Provisions - Note 7	(1 080 348)	(916 896)
	Balance 30 June	**37 506 374**	**32 904 339**

	2016 R	2015 R
Long Service Awards		
Balance 1 July	4 981 620	4 474 426
Contribution for the year	822 052	722 125
Expenditure for the year	(463 193)	(490 603)
Actuarial Loss/(Gain)	(268 929)	275 672
Total provision 30 June	**5 071 550**	**4 981 620**
Less: Transfer of Current Portion to Current Provisions - Note 7	(337 991)	(559 242)
Balance 30 June	**4 733 559**	**4 422 378**

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	171	169
In-service (employee) non-members	205	212
Continuation members (e.g. Retirees, widows, orphans)	28	28
Total Members	**404**	**409**

	2016 R	2015 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	19 070 202	17 257 080
In-service non-members	4 091 768	3 886 021
Continuation members	15 424 752	12 678 134
Total Liability	**38 586 722**	**33 821 235**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
In-service members	15 045 458	10 732 043	8 879 531.00
In-service non-members	3 250 734	2 383 705	1 972 242.00
Continuation members	11 543 941	10 524 477	9 516 055.00
Total Liability	29 840 133	23 640 225	20 367 828.00

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R2 059 765, whereas the Interest Cost for the next year is estimated to be R3 477 061.

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	9.14%	9.06%
Health Care Cost Inflation Rate	8.22%	8.12%
Net Effective Discount Rate	0.85%	0.87%

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liability.

iii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iv) Normal retirement age

The normal retirement age for employees of the municipality is 63 years.

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	38 586 722	33 821 235
Fair value of plan assets	-	-
	38 586 722	33 821 235
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**38 586 722**	**33 821 235**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	33 821 235	29 840 133
Total expenses	3 880 061	3 506 984
Current service cost	1 926 749	1 753 521
Interest Cost	3 023 731	2 700 897
Benefits Paid	(1 070 419)	(947 434)
Actuarial (gains)/losses	885 426	474 118
Present value of fund obligation at the end of the year	38 586 722	33 821 235
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2016

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	23.162	15.425	38.587

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% Change
Assumption					
Health care inflation	1%	28.468	17.174	45.642	18%
Health care inflation	-1%	19.002	13.939	32.941	-15%
Discount Rate	1%	19.065	13.962	33.027	-14%
Discount Rate	-1%	28.475	17.177	45.652	18%
Post-retirement mortality	-1 year	24.012	16.016	40.028	4%
Average retirement age	-1 year	25.483	15.425	40.908	6%
Continuation of membership at retirement	-10%	19.406	15.425	34.831	-10%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2016

	Current Service Cost (Rm)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions - Estimated costs for 2016/17	2 059 800	3 477 100	5 536 900

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (Rm)	Interest Cost (R)	Total (R)	% Change
Assumption					
Health care inflation	1%	2 591 800	4 121 700	6 713 500	21%
Health care inflation	-1%	1 650 700	2 961 300	4 612 000	-17%
Discount rate	1%	1 672 100	3 294 200	4 966 300	-10%
Discount rate	-1%	2 568 700	3 671 200	6 239 900	13%
Post-retirement mortality	-1 year	2 135 300	3 608 800	5 744 100	4%
Average retirement age	-1 year	2 218 800	3 689 100	5 907 900	7%
Continuation of membership at retirement	-10%	1 714 000	3 133 900	4 847 900	-12%

	2016 R	2015 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	773 000	448 000
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	2 123 000	840 000	377 000
Assets: Gain / (loss)	-	-	-

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 376 (2015 - 381) employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R463 904 whereas the Interest Cost for the next year is estimated to be R425 124.

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	8.67%	8.13%
General Salary Inflation (long-term)	7.31%	7.12%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.26%	0.94%

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	5 071 550	4 981 620
Fair value of plan assets	-	-
	5 071 550	4 981 620
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**5 071 550**	**4 981 620**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	4 981 620	4 474 426
Total expenses	358 859	231 522
Current service cost	439 518	377 825
Interest Cost	382 534	344 300
Benefits Paid	(463 193)	(490 603)
Actuarial (gains)/losses	(268 929)	275 672
Present value of fund obligation at the end of the year	**5 071 550**	**4 981 620**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2016

Assumption	Change	Liability (Rm)	% change
Central assumptions		5.072	
General salary inflation	1%	5.462	8%
General salary inflation	-1%	4.721	-7%
Discount Rate	1%	4.706	-7%
Discount Rate	-1%	5.487	8%
Average retirement age	-2 yrs	4.272	-16%
Average retirement age	2 yrs	5.740	13%
Withdrawal rates	-50%	5.999	18%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2016

	Current Service Cost (Rm)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions - Estimated costs for 2016/17	463 900	425 100	889 000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (Rm)	Interest Cost (R)	Total (R)	% change
Assumption					
General salary inflation	1%	508 000	458 900	966 900	9%
General salary inflation	-1%	425 000	394 800	819 800	-8%
Discount Rate	1%	427 600	438 900	866 500	-3%
Discount Rate	-1%	505 700	407 800	913 500	3%
Average retirement age	-2 year	404 200	355 900	760 100	-14%
Average retirement age	+2 year	521 200	483 000	1 004 200	13%
Withdrawal rates	-50%	611 400	505 500	1 116 900	26%

	2016 R	2015 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(128 533)	310 047
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	79 054	26 306	48 764
Assets: Gain / (loss)	-	-	-

		2016 R	2015 R
5.3	**Retirement funds**		

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in an sound financial position with a funding level of 153.1% (30 June 2014 - 101.7%).

Contributions paid recognised in the Statement of Financial Performance	591 180	507 787

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2014 - 99.9%).

Contributions paid recognised in the Statement of Financial Performance	7 138 373	6 409 282

		2016 R	2015 R
	DEFINED CONTRIBUTION FUNDS		
	Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
	Contributions paid recognised in the Statement of Financial Performance		
	Municipal Councillors Pension Fund	230 638	228 718
	SAMWU National Provident Fund	2 022 718	1 916 384
		2 253 356	2 145 102
6	**CONSUMER DEPOSITS**		
	Water and Electricity	3 149 235	2 872 801
	Total Consumer Deposits	**3 149 235**	**2 872 801**
7	**CURRENT EMPLOYEE BENEFITS**		
	Staff Bonuses	2 513 358	2 403 836
	Staff Leave	5 150 615	4 462 252
	Current Portion of Non-Current Provisions	1 418 339	1 476 138
	Current Portion of Post Retirement Benefits - note 5	1 080 348	916 896
	Current Portion of Long-Service Provisions - note 5	337 991	559 242
	Total Provisions	**9 082 312**	**8 342 226**
7.1	***Staff Bonuses***		
	Balance at beginning of year	2 403 836	2 195 406
	Contribution to current portion	4 424 560	4 143 676
	Expenditure incurred	(4 315 038)	(3 935 246)
	Balance at end of year	**2 513 358**	**2 403 836**
	Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
7.2	***Staff Leave***		
	Balance at beginning of year	4 462 252	3 895 057
	Contribution to current portion	1 180 507	880 451
	Expenditure incurred	(492 144)	(313 256)
	Balance at end of year	**5 150 615**	**4 462 252**
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
8	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	16 854 317	16 535 852
	Interest Accrued	37 963	53 964
	Payments received in advance	2 715 138	3 017 242
	Retentions	462 916	1 824 825
	Other Creditors	4 588 401	4 654 871
	Deposits: Other	975 456	804 167
	Total Trade Payables	**25 634 191**	**26 890 921**
	As previously reported		27 193 141
	Correction of error restatement - note 38.2		(251 734)
	Correction of error restatement - note 38.4		(50 486)
	Restated balance		26 890 921
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
	The carrying value of trade and other payables approximates its fair value.		
	All payables are unsecured.		
	Sundry deposits include Hall, Builders and Housing Deposits.		

		2016 R	2015 R
9	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	2 997 486	1 487 027
	National Government Grants	991 527	1 348 069
	Provincial Government Grants	1 946 544	55 822
	District Municipality	-	-
	Other Sources	59 415	83 136
	Less: Unpaid Grants	-	(80 770)
	National Government Grants	-	-
	Provincial Government Grants	-	(80 770)
	District Municipality	-	-
	Other Sources	-	-
	Total Conditional Grants and Receipts	**2 997 486**	**1 406 257**

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10	**TAXES**		
10.1	VAT output in suspense	(5 359 402)	(5 430 641)
	Less: Contribution to provision for impairment of trade receivables from exchange transactions	664 785	511 092
	Total VAT Payable	**(4 694 617)**	**(4 919 549)**
10.2	VAT Receivable	3 111 446	2 522 477
	VAT input in suspense	2 023 771	1 375 506
	Total VAT Receivable	**5 135 217**	**3 897 983**
10.3	**Net VAT (Payable)/Receivable**	**440 600**	**(1 021 566)**
	As previously reported		(140 522)
	Correction of error restatement - note 38.3		(881 044)
	Restated balance		(1 021 566)

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11 PROPERTY, PLANT AND EQUIPMENT

11.1 30 JUNE 2016

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure														
Roads, Pavements & Bridges	68 067 967	-	3 097 257	-	-	-	71 165 224	20 864 100	-	2 341 847	-	-	23 205 947	47 959 277
Electricity Transmission & Reticulation	39 993 072	-	2 131 965	2 611 788	-	-	44 736 826	10 083 492	-	1 074 184	-	-	11 157 676	33 579 150
Water Dams & Reservoirs	46 397 641	-	5 018 495	7 096 200	-	(7 205)	58 505 131	14 107 392	-	1 540 618	-	(60)	15 647 950	42 857 180
Sewerage Purification	81 159 170	-	2 779 315	550 000	-	-	84 488 485	11 426 664	-	2 629 716	-	-	14 056 380	70 432 105
Landfill Sites	52 412 728	-	92 947	-	-	(1 138 910)	51 366 766	18 753 497	-	3 184 327	-	-	21 937 824	29 428 942
Other	1 180 585	-	372 722	-	-	-	1 553 307	371 494	-	59 227	-	-	430 721	1 122 586
	289 211 163	-	13 492 702	10 257 988	-	(1 146 115)	311 815 738	75 606 639	-	10 829 920	-	(60)	86 436 499	225 379 239
Community Assets														
Parks & Gardens	604 918	-	19 184	-	-	-	624 102	294 166	-	27 511	-	-	321 677	302 425
Sportfields & Stadia	8 203 245	-	2 365 452	-	-	-	10 568 697	2 721 334	-	295 659	-	-	3 016 993	7 551 704
Community Halls	1 479 318	-	-	-	-	-	1 479 318	626 585	-	49 309	-	-	675 894	803 424
Libraries	4 664 753	-	321 243	-	-	-	4 985 996	1 277 890	-	126 313	-	-	1 404 203	3 581 793
Recreational Facilities	14 549 705	-	35 874	-	-	-	14 585 579	4 505 949	-	465 419	-	-	4 971 368	9 614 212
Clinics	700 000	-	-	-	-	-	700 000	124 445	-	15 555	-	-	140 000	560 000
Museums & Art Galleries	1 575 630	-	-	-	-	-	1 575 630	479 814	-	44 192	-	-	524 006	1 051 624
Other	973 398	-	509 419	-	-	-	1 482 817	169 998	-	43 917	-	-	213 915	1 268 902
	32 750 967	-	3 251 173	-	-	-	36 002 140	10 200 181	-	1 067 875	-	-	11 268 056	24 734 084
Other Assets														
General Vehicles	10 472 392	-	454 875	-	-	-	10 927 267	7 148 017	-	802 059	-	-	7 950 076	2 977 191
Specialised Vehicles	5 035 353	-	-		-	-	5 035 353	2 365 433	-	490 949	-	-	2 856 382	2 178 971
Plant & Equipment	11 897 650	-	1 669 663	-	-	-	13 567 313	6 452 943	-	1 204 872	-	-	7 657 815	5 909 498
Furniture and Other Office Equipment	9 844 617	-	1 299 369	-	-	(45 924)	11 098 061	5 302 477	-	1 030 004	-	(17 354)	6 315 127	4 782 934
Civic Land and Buildings	24 260 445	-	61 868	-	-	-	24 322 313	4 677 961	-	742 522	-	-	5 420 483	18 901 830
Other Land and Buildings	50 556 236	-	338 816	-	-	(1 000)	50 894 052	4 900 851	-	436 363	-	-	5 337 214	45 556 838
Other	3 099 095	-	190 548	-	-	-	3 289 643	1 588 717	-	277 283	-	-	1 866 000	1 423 643
Leases	778 737	-	181 600	-	-	(170 343)	789 994	562 958	-	303 689	-	(170 343)	696 304	93 690
	115 944 525	-	4 196 739	-	-	(217 268)	119 923 997	32 999 357	-	5 287 742	-	(187 697)	38 099 402	81 824 594
Total	437 906 655	-	20 940 614	10 257 988	-	(1 363 382)	467 741 875	118 806 177	-	17 185 537	-	(187 757)	135 803 957	331 937 917

11.2 30 JUNE 2015

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure														
Roads, Pavements & Bridges	59 761 622	-	2 756 833	5 549 512	-	-	68 067 967	18 490 377	-	2 373 723	-	-	20 864 100	47 203 867
Electricity Transmission & Reticulation	36 627 417	-	1 141 774	2 223 881	-	-	39 993 072	9 033 226	-	1 050 266	-	-	10 083 492	29 909 580
Water Dams & Reservoirs	44 804 608	-	1 593 033	-	-	-	46 397 641	12 665 780	-	1 441 612	-	-	14 107 392	32 290 249
Sewerage Purification	67 518 770	-	1 895 612	11 861 916	-	(117 128)	81 159 170	9 707 076	-	1 752 121	-	(32 533)	11 426 664	69 732 506
Landfill Sites	25 294 045	-	-	-	-	27 118 683	52 412 728	15 416 219	-	3 337 278	-	-	18 753 497	33 659 231
Other	1 160 672	-	19 913	-	-	-	1 180 585	306 655	-	64 839	-	-	371 494	809 091
	235 167 134	-	7 407 165	19 635 309	-	27 001 555	289 211 163	65 619 333	-	10 019 839	-	(32 533)	75 606 639	213 604 524
Community Assets														
Parks & Gardens	604 918	-	-	-	-	-	604 918	267 193	-	26 973	-	-	294 166	310 752
Sportfields & Stadia	7 184 064	-	49 200	969 981	-	-	8 203 245	2 427 304	-	294 030	-	-	2 721 334	5 481 911
Community Halls	1 479 318	-	-	-	-	-	1 479 318	577 274	-	49 311	-	-	626 585	852 733
Libraries	4 664 753	-	-	-	-	-	4 664 753	1 152 820	-	125 070	-	-	1 277 890	3 386 863
Recreational Facilities	14 465 580	-	84 125	-	-	-	14 549 705	4 049 011	-	456 938	-	-	4 505 949	10 043 756
Clinics	700 000	-	-	-	-	-	700 000	106 494	-	17 951	-	-	124 445	575 555
Museums & Art Galleries	1 575 630	-	-	-	-	-	1 575 630	435 621	-	44 193	-	-	479 814	1 095 816
Other	805 798	-	167 600	-	-	-	973 398	137 825	-	32 173	-	-	169 998	803 400
	31 480 061	-	300 925	969 981	-	-	32 750 967	9 153 542	-	1 046 639	-	-	10 200 181	22 550 786
Other Assets														
General Vehicles	9 856 343	-	616 049	-	-	-	10 472 392	6 368 689	-	779 328	-	-	7 148 017	3 324 375
Specialised Vehicles	5 035 353	-	-	-	-	-	5 035 353	1 864 309	-	501 124	-	-	2 365 433	2 669 920
Plant & Equipment	9 311 447	-	2 586 203	-	-	-	11 897 650	5 533 844	-	919 099	-	-	6 452 943	5 444 707
Furniture and Other Office Equipment	8 105 293	-	1 739 324	-	-	-	9 844 617	4 666 231	-	636 246	-	-	5 302 477	4 542 140
Civic Land and Buildings	24 260 445	-	-	-	-	-	24 260 445	3 931 244	-	746 717	-	-	4 677 961	19 582 484
Other Land and Buildings	49 879 406	-	752 129	-	(75 299)	-	50 556 236	4 450 405	-	450 446	-	-	4 900 851	45 655 385
Other	2 518 005	-	581 090	-	-	-	3 099 095	1 368 796	-	219 921	-	-	1 588 717	1 510 378
Leases	805 787	-	1 549	-	-	(28 599)	778 737	316 063	-	275 494	-	(28 599)	562 958	215 779
	109 772 079	-	6 276 344	-	(75 299)	(28 599)	115 944 525	28 499 581	-	4 528 375	-	(28 599)	32 999 357	82 945 168
Total	376 419 274	-	13 984 434	20 605 290	(75 299)	26 972 956	437 906 655	103 272 456	-	15 594 853	-	(61 132)	118 806 177	319 100 478

		2016 R	2015 R
11.3	**Secured Property, Plant and Equipment**		
	Leased Property, Plant and Equipment of R 93 689 is secured for leases as set out in Note 3.		
12	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**12 860 805**	**12 868 760**
	Cost	12 860 805	12 868 760
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Acquisitions	-	-
	Transfer to Inventory	-	(7 955)
	Depreciation for the year	-	-
	Impairment loss	-	-
	Net Carrying amount at 30 June	**12 860 805**	**12 860 805**
	Cost	12 860 805	12 860 805
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Revenue derived from the rental of investment property	134 047	148 933
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
13	**INTANGIBLE ASSETS**		
	Net Carrying amount at 1 July	**1 175 123**	**806 129**
	Cost	2 223 232	1 623 916
	Accumulated Amortisation	(1 048 109)	(817 787)
	Accumulated Impairment Loss	-	-
	Acquisitions	1 204 244	599 314
	Amortisation	(335 848)	(230 320)
	Net Carrying amount at 30 June	**2 043 519**	**1 175 123**
	Cost	3 427 476	2 223 232
	Accumulated Amortisation	(1 383 957)	(1 048 109)
	Accumulated Impairment Loss	-	-
	No intangible asset were assed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There age no intangible assets pledged as security for liabilities.		
	There are no contractual commitments for the acquisition of intangible assets.		
14	**HERITAGE ASSETS**		
	Net Carrying amount at 1 July	**454 012**	**454 012**
	Cost	454 012	454 012
	Accumulated Impairment Loss	-	-
	Acquisitions	-	-
	Disposals	-	-
	Net Carrying amount at 30 June	**454 012**	**454 012**
	Cost	454 012	454 012
	Accumulated Impairment Loss	-	-
	There are no Heritage Assets pledged as security for liabilities		

		2016 R	2015 R
15	**LONG-TERM RECEIVABLES**		
	Receivables with repay arrangements - At amortised cost	3 486 387	2 039 521
	Housing Loans - At amortised cost	270 028	270 028
		3 756 415	2 309 549
	Less: Current portion transferred to current receivables	(1 813 055)	(1 325 799)
	Receivables with repay arrangements - At amortised cost	(1 656 055)	(1 168 799)
	Housing Loans - At amortised cost	(157 000)	(157 000)
	Total Long Term Receivables	**1 943 360**	**983 750**

Debtors with a total outstanding balance of R3 486 387 (2015 R2 039 521) have arranged to settle their account over an re-negotiated period. Total payments to the value of R1 830 332 (2015 - R870 722) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

16	**INVENTORY**		
	Fuel - At cost	202 491	196 661
	Water - At purification cost	91 127	80 551
	Spare Parts - At cost	2 682 422	2 243 305
	Unsold Properties held for resale - At cost	83 254	83 254
	Housing - Top Structure	-	203 440
	Total Inventory	**3 059 295**	**2 807 211**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Inventory recognise as an expense during the year:

Fuel - At cost	2 738 775	2 825 782
Water - At purification cost	10 933 224	9 854 878
Spare Parts - At cost	3 502 804	1 329 604
	17 174 803	**14 010 264**

No inventory assets were pledged as security for liabilities.

17	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	11 305 182	11 339 334
	Water	9 324 108	9 093 075
	Housing Rentals	28 646	31 276
	Refuse	10 890 531	10 431 218
	Sewerage	7 386 479	7 125 208
	Other Arrears	4 576 878	6 476 803
	Total: Receivables from exchange transactions (before provision)	**43 511 824**	**44 496 914**
	Less: Provision for Debt Impairment	(5 363 159)	(3 994 600)
	Total: Receivables from exchange transactions (after provision)	**38 148 665**	**40 502 314**
	As previously reported		41 016 760
	Correction of error restatement - note 38.3		(514 446)
	Restated balance		40 502 314

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

	2016 R	2015 R
(Electricity): Ageing		
Current (0 - 30 days)	6 177 418	5 655 069
31 - 60 Days	712 577	1 491 141
61 - 90 Days	408 208	409 287
+ 90 Days	4 006 979	3 783 837
Total	**11 305 182**	**11 339 334**
(Water): Ageing		
Current (0 - 30 days)	2 357 399	1 896 172
31 - 60 Days	787 433	926 252
61 - 90 Days	536 052	528 606
+ 90 Days	5 643 224	5 742 045
Total	**9 324 108**	**9 093 075**
(Housing): Ageing		
Current (0 - 30 days)	3 532	18 549
31 - 60 Days	1 897	473
61 - 90 Days	1 352	1 753
+ 90 Days	21 865	10 501
Total	**28 646**	**31 276**
(Refuse): Ageing		
Current (0 - 30 days)	1 602 112	1 447 603
31 - 60 Days	795 187	763 107
61 - 90 Days	539 119	510 188
+ 90 Days	7 954 113	7 710 320
Total	**10 890 531**	**10 431 218**
(Sewerage): Ageing		
Current (0 - 30 days)	945 225	862 250
31 - 60 Days	500 149	488 199
61 - 90 Days	346 566	330 858
+ 90 Days	5 594 539	5 443 901
Total	**7 386 479**	**7 125 208**
(Other): Ageing		
Current (0 - 30 days)	314 597	805 350
31 - 60 Days	(21 176)	65 811
61 - 90 Days	42 583	(52 608)
+ 90 Days	4 240 874	5 658 250
Total	**4 576 878**	**6 476 803**
(Total): Ageing		
Current (0 - 30 days)	11 400 283	10 684 993
31 - 60 Days	2 776 067	3 734 983
61 - 90 Days	1 873 880	1 728 084
+ 90 Days	27 461 594	28 348 854
Total	**43 511 824**	**44 496 914**

	2016 R	2015 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	3 994 600	5 694 237
Contribution to provision	3 579 522	2 552 078
Bad Debts written off against provision	(2 210 963)	(4 251 715)
Balance at end of year	**5 363 159**	**3 994 600**
The total amount of the provision consist of:		
Services	5 166 276	3 532 880
Other Debtors	196 883	461 720
Total Provision for Debt Impairment on Receivables from exchange transactions	**5 363 159**	**3 994 600**
Ageing of amounts past due but not impaired:		
1 month past due	2 776 067	3 734 983
2+ months past due	23 972 315	26 082 338
	26 748 382	29 817 321

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	29 741 293	28 488 553
Fines	13 319 615	7 518 640
Other Receivables	3 451 464	3 027 131
	46 512 372	39 034 324
Less: Provision for Debt Impairment	(18 374 795)	(14 282 012)
Total Receivables from non-exchange transactions	**28 137 577**	**24 752 312**
As previously reported		25 042 609
Correction of error restatement - note 38.4		(290 297)
Restated balance		24 752 312

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	6 320 767	3 989 206
31 - 60 Days	3 478 568	2 185 249
61 - 90 Days	972 159	1 688 704
+ 90 Days	18 969 799	20 625 394
Total	**29 741 293**	**28 488 553**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	14 282 012	10 635 338
Contribution to provision	6 191 950	4 224 614
Bad Debts written off against provision	(245 646)	(660 630)
Reversal of provision	(1 853 521)	-
Change in Estimate of Traffic Fines	-	82 690
Balance at end of year	**18 374 795**	**14 282 012**
The total amount of this provision consist of:		
Taxes	5 743 509	7 842 676
Fines	12 631 286	6 439 336
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**18 374 795**	**14 282 012**

	2016 R	2015 R
Ageing of amounts past due but not impaired:		
1 month past due	3 478 568	2 185 249
2+ months past due	14 198 449	14 471 422
	17 677 017	**16 656 671**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

19 OPERATING LEASE ARRANGEMENTS

19.1 The Municipality as Lessor

Operating Lease Asset	75 601	81 069
Reconciliation		
Balance at the beginning of the year	81 069	79 199
Movement during the year	(5 468)	1 870
Balance at the end of the year	**75 601**	**81 069**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, the future minimum lease payments receivable are as follows:

Up to 1 Year	682 989	240 256
1 to 5 Years	1 442 068	333 095
More than 5 Years	-	45 962
Total Operating Lease Arrangements	**2 125 057**	**619 313**

This future minimum lease payments are determined from contracts of which the future payments are determinable and does not include lease payment which have undetermined conditions.

20 CASH AND CASH EQUIVALENTS

Current Accounts	60 024 814	11 770 296
Call Investments Deposits	5 627 255	36 559 660
Cash Floats	7 450	14 070
Total Cash and Cash Equivalents - Assets	**65 659 519**	**48 344 026**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):	59 996 637	11 763 646
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):	28 177	6 650
	60 024 814	**11 770 296**

Call Investment Deposits

ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):	5 627 255	5 287 891
Nedbank - Account Number 03/7881004312/000024 (32 Day Deposit):	-	5 324 870
Investec - Account Number 459271 - 450 (Fixed Deposit):	-	5 314 706
Investec - Account Number 459271 - 452 (Fixed Deposit):	-	5 160 137
Standard Bank - Account Number 428790690 (Fixed Deposit):	-	5 152 925
Nedbank - Account Number 03/7881004312/000023 (6 Months Deposit):	-	5 160 595
ABSA - Account Number 20 -7489 - 1704 (Fixed Deposit):	-	5 158 536
	5 627 255	**36 559 660**

	2016 R	2015 R
Details of current accounts are as follow:		
ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):		
Cash book balance at beginning of year	11 763 646	18 690 152
Cash book balance at end of year	59 996 637	11 763 646
Bank statement balance at beginning of year	10 871 548	18 021 019
Bank statement balance at end of year	60 434 220	10 871 548
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):		
Cash book balance at beginning of year	6 650	1 600
Cash book balance at end of year	28 177	6 650
Bank statement balance at beginning of year	6 650	1 600
Bank statement balance at end of year	28 177	6 650
Details of call investment accounts are as follow:		
ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):		
Cash book balance at beginning of year	5 287 891	5 003 630
Cash book balance at end of year	5 627 255	5 287 891
Bank statement balance at beginning of year	5 287 892	5 003 630
Bank statement balance at end of year	5 627 255	5 287 892
Nedbank - Account Number 03/7881004312/000024 (32 Day Deposit):		
Cash book balance at beginning of year	5 324 870	5 004 110
Cash book balance at end of year	-	5 324 870
Bank statement balance at beginning of year	5 324 870	5 004 110
Bank statement balance at end of year	-	5 324 870
Investec - Account Number 459271 - 450 (Fixed Deposit):		
Cash book balance at beginning of year	5 314 706	5 004 075
Cash book balance at end of year	-	5 314 706
Bank statement balance at beginning of year	5 314 706	5 004 075
Bank statement balance at end of year	-	5 314 706
Investec - Account Number 459271 - 452 (Fixed Deposit):		
Cash book balance at beginning of year	5 160 137	-
Cash book balance at end of year	-	5 160 137
Bank statement balance at beginning of year	5 160 137	-
Bank statement balance at end of year	-	5 160 137
Standard Bank - Account Number 428790690 (Fixed Deposit):		
Cash book balance at beginning of year	5 152 925	-
Cash book balance at end of year	-	5 152 925
Bank statement balance at beginning of year	5 152 925	-
Bank statement balance at end of year	-	5 152 925
Nedbank - Account Number 03/7881004312/000023 (6 Months Deposit):		
Cash book balance at beginning of year	5 160 595	-
Cash book balance at end of year	-	5 160 595
Bank statement balance at beginning of year	5 160 595	-
Bank statement balance at end of year	-	5 160 595
ABSA - Account Number 20 -7489 - 1704 (Fixed Deposit):		
Cash book balance at beginning of year	5 158 536	-
Cash book balance at end of year	-	5 158 536
Bank statement balance at beginning of year	5 158 536	-
Bank statement balance at end of year	-	5 158 536

		2016 R	2015 R
21	**PROPERTY RATES**		
	Actual		
	Rateable Land and Buildings	55 861 163	52 225 636
	Less: Rebates	(3 352 716)	(3 017 590)
	Total Assessment Rates	**52 508 447**	**49 208 046**
	Valuations - 1 July 2015		
	Rateable Land and Buildings	8 227 313 200	8 174 200 200
	Residential Property	3 923 437 000	3 903 616 000
	Commercial Property	571 468 000	569 828 000
	Industrial Property	235 186 000	235 186 000
	Public Benefits Organisations	239 372 000	207 822 000
	Agricultural Purposes	3 174 604 200	3 173 904 200
	State - National/ Provincial Services	4 670 000	4 670 000
	Municipal Property	78 576 000	79 174 000
	Total Assessment Rates	**8 227 313 200**	**8 174 200 200**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0.974c/R	0.919c/R
Commercial/Industrial	1.072c/R	1.011c/R
Agricultural	0.244c/R	0.230c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - R5 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

22	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional		
	Equitable Share	30 454 000	27 489 000
	Conditional	61 756 589	38 213 818
	Grants and Donations	61 756 589	38 213 818
	Total Government Grants and Subsidies	**92 210 589**	**65 702 818**
	Government Grants and Subsidies - Operating	72 551 017	41 174 034
	Government Grants and Subsidies - Capital	19 659 572	24 528 784
	Total Government Grants and Subsidies	**92 210 589**	**65 702 818**

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share	30 454 000	27 489 000
Administration	600 000	617 435
Council	189 290	420 000
Strategic Services	236 000	291 750
Financial Administration	2 301 942	1 966 310
Housing	29 863 935	7 532 152
Human Resources	408 258	192 929
Library	5 930 000	5 854 000
Planning and Development	340 000	150 000
Roads and Stormwater	1 223 888	1 217 493
Sewerage	2 843 430	3 433 789
Sportgrounds & Swimming Pools	1 763 688	969 981
Water	13 741 127	13 067 979
Electricity	2 315 031	2 500 000
Total Government Grants and Subsidies	**92 210 589**	**65 702 818**

		2016 R	2015 R
22.1	**Equitable Share**		
	Opening balance	-	-
	Grants received	30 454 000	27 489 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(30 454 000)	(27 489 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

22.2	**Finance Management Grant (FMG)**		
	Opening balance	-	-
	Grants received	1 450 000	1 450 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 000 000)	(1 150 000)
	Conditions met - Capital	(450 000)	(300 000)
	Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

22.3	**Municipal Systems Improvement Grant (MSIG)**		
	Opening balance	-	-
	Grants received	940 000	934 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(340 000)	(334 000)
	Conditions met - Capital	(600 000)	(600 000)
	Conditions still to be met	-	-

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

22.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	1 348 069	4 855 817
	Grants received	14 201 000	13 764 000
	Interest received	-	-
	Repaid to National Revenue Fund	(1 348 000)	-
	Conditions met - Operating	(2 111 376)	(2 121 092)
	Conditions met - Capital	(11 783 135)	(15 150 656)
	Conditions still to be met	306 558	1 348 069

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

22.5	**Expanded Public Works Programme**		
	Opening balance	-	-
	Grants received	1 070 000	1 147 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 070 000)	(1 147 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used for job creation.

		2016 R	2015 R
22.6	**Integrated National Electrification**		
	Opening balance	-	-
	Grants received	3 000 000	2 100 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(2 315 031)	(2 100 000)
	Conditions still to be met	684 969	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

22.7	**ACIP**		
	Opening balance	-	-
	Grants received	4 453 734	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(547 328)	-
	Conditions met - Capital	(3 906 406)	-
	Conditions still to be met	-	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

22.8	**Housing**		
	Opening balance	(80 770)	1 948 453
	Grants received	31 814 159	5 502 330
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(29 860 055)	(1 982 040)
	Conditions met - Capital	-	(5 549 513)
	Conditions still to be met	1 873 334	(80 770)

The Housing grant was utilised for the development of erven and the erection of top structures.

22.9	**CDW Contribution**		
	Opening balance	-	-
	Grants received	36 000	34 976
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(36 000)	(34 976)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The CDW Contribution was used to finance the activities of Community Development Workers.

22.10	**Housing Consuming Education**		
	Opening balance	3 880	4 479
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(3 880)	(599)
	Conditions met - Capital	-	-
	Conditions still to be met	-	3 880

The Housing Consuming Education Grant was used for public awareness programs.

22.11	**Finance Management Grant (Provincial)**		
	Opening balance	51 942	216 311
	Grants received	1 062 500	820 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 041 232)	(984 369)
	Conditions met - Capital	-	-
	Conditions still to be met	73 210	51 942

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.

		2016 R	2015 R
22.12	**Proclaimed Roads**		
	Opening balance	-	-
	Grants received	82 339	70 493
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(82 339)	(70 493)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used for maintenance of provincial roads.

22.13	**Municipal Infrastructure Support Grant**		
	Opening balance	-	-
	Grants received	-	600 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(600 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used for installing of flood lights at Redelinghuys sport grounds.

22.14	**Municipal Performance Management Allocation**		
	Opening balance	-	-
	Grants received	200 000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(200 000)	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used for transport to Nelson Mandela memorial service in Cape Town.

22.15	**Library Services**		
	Opening balance	-	-
	Grants received	5 930 000	5 854 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(5 325 000)	(5 025 385)
	Conditions met - Capital	(605 000)	(828 615)
	Conditions still to be met	-	-

The grant was used for appointment of library staff and operating costs.

22.16	**West Coast DM - LED**		
	Opening balance	-	42 151
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(42 151)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used for Local Economic Development facilitation.

22.17	**Cerebos Ltd**		
	Opening balance	83 136	-
	Grants received	35 000	83 136
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(71 549)	-
	Conditions met - Capital	-	-
	Conditions still to be met	46 587	83 136

This grant is for the developing of a sport field at Piketberg.

		2016 R	2015 R
22.18	**Chieta**		
	Opening balance	-	-
	Grants received	135 000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(122 172)	-
	Conditions met - Capital	-	-
	Conditions still to be met	12 828	-
	This grant is for the training and development of municipal officials		
22.19	**LG SETA**		
	Opening balance	-	-
	Grants received	286 086	192 929
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(286 086)	(192 929)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	This grant is for the training and development of municipal officials		
22.20	**Total Grants**		
	Opening balance	1 406 257	7 067 211
	Grants received	95 149 818	60 041 864
	Interest received	-	-
	Repaid to National Revenue Fund	(1 348 000)	-
	Conditions met - Operating	(72 551 017)	(41 174 034)
	Conditions met - Capital	(19 659 572)	(24 528 784)
	Conditions still to be met/(Grant expenditure to be recovered)	2 997 486	1 406 257
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	2 997 486	1 487 027
	Unpaid Conditional Government Grants and Receipts	-	(80 770)
	Total	**2 997 486**	**1 406 257**
23	**CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT**		
	Department of Environmental Affairs	-	55 549
	Enviro Acsys Consulting	-	350 000
	Department of Cultural Affairs and Sport: Western Cape	-	451 223
	Total Contributed Property, Plant and Equipment	**-**	**856 772**
24	**SERVICE CHARGES**		
	Electricity	**86 751 811**	**78 513 853**
	Service Charges	87 461 599	79 074 721
	Less: Income Forgone	(709 788)	(560 868)
	Water	**23 887 517**	**22 389 193**
	Service Charges	25 283 278	23 707 480
	Less: Income Forgone	(1 395 761)	(1 318 287)
	Refuse Removal	**17 396 320**	**16 213 688**
	Service Charges	20 717 770	19 331 247
	Less: Income Forgone	(3 321 450)	(3 117 559)
	Sewerage and Sanitation Charges	**10 237 812**	**9 638 718**
	Service Charges	12 470 763	11 706 590
	Less: Income Forgone	(2 232 951)	(2 067 872)
	Total Service Charges	**138 273 460**	**126 755 452**
	As previously reported		126 882 623
	Correction of error restatement - note 38.3		(127 171)
	Restated balance		126 755 452

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2016 R	2015 R
25	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Buildings	249 638	314 246
	Commonage	134 047	147 368
	Caravan Parks	3 908 141	3 195 661
	Total Rental of Facilities and Equipment	**4 291 826**	**3 657 275**
26	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	4 296 966	3 232 674
	Total Interest Earned - External Investments	**4 296 966**	**3 232 674**
27	**INTEREST EARNED - OUTSTANDING RECEIVABLES**		
	Receivables	3 776 001	3 197 469
	Total Interest Earned - Outstanding Receivables	**3 776 001**	**3 197 469**
28	**OTHER INCOME**		
	Admin Fees	7 924	11 835
	Cemetery	300 704	263 672
	Land Sales	35 088	26 316
	Photocopies	57 027	47 119
	Private Works	1 384	4 296
	Sale of Refuse Bags	3 051	3 193
	Sundry Income	1 207 912	1 241 874
	Surplus Cash	816	1 384
	Swimming Pools	31 484	18 582
	Total Other Income	**1 645 390**	**1 618 271**
	As previously reported		1 366 537
	Correction of error restatement - note 38.2		251 734
	Restated balance		1 618 271
29	**EMPLOYEE RELATED COSTS**		
	Employee Related Costs - Salaries and Wages	63 554 303	57 842 681
	Employee Related Costs - Contributions to UIF and Pensions	11 112 339	10 208 699
	Employee Related Costs - Contributions to Medical Aids	4 260 630	3 967 230
	Motor Vehicle and Other Benefits and Allowances	3 808 912	3 508 850
	Housing Benefits and Allowances	1 350 870	493 660
	Overtime Payments	4 007 925	3 354 254
	Bonuses	4 424 560	4 143 676
	Provision for leave	1 180 507	880 451
	Contribution to provision - Long Service Awards - note 5	439 518	377 825
	Contribution to provision - Post Retirement Medical - note 5	1 926 749	1 753 521
		96 066 313	86 530 847
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**96 066 313**	**86 530 847**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Adv H Linde		
Annual Remuneration	1 076 176	985 562
Travelling Allowance	90 000	108 118
Contributions to UIF, Medical and Pension Funds	230 740	229 831
Total	**1 396 916**	**1 323 511**
Remuneration of the Chief Financial Officer - Mr JA van Niekerk		
Annual Remuneration	648 568	607 277
Travelling Allowance	98 962	115 990
Contributions to UIF, Medical and Pension Funds	151 382	166 850
Housing Subsidy	127 471	90 921
Service Bonus	50 491	50 512
Long Service Award	52 094	-
Total	**1 128 968**	**1 031 550**

	2016 R	2015 R
Remuneration of Director : Corporate Services - Mr JWA Kotzee		
Annual Remuneration	633 162	643 774
Travelling Allowance	96 000	102 430
Contributions to UIF, Medical and Pension Funds	164 616	197 863
Housing Subsidy	171 026	59 954
Service Bonus	-	36 000
Total	**1 064 805**	**1 040 021**
Remuneration of Director : Technical Services - Mr H Krohn		
Annual Remuneration	647 502	612 357
Travelling Allowance	96 000	94 878
Contributions to UIF, Medical and Pension Funds	166 184	168 633
Housing Subsidy	132 828	102 000
Service Bonus	40 000	50 964
Total	**1 082 513**	**1 028 832**

30 REMUNERATION OF COUNCILLORS

JA Raats	643 523	591 250
WJ Dirks	249 349	226 249
JC Botha	284 594	227 296
RM van Rooy	544 730	555 474
DJ Smith	249 349	227 296
CJ Snyders	274 194	227 296
SM Crafford	627 278	591 249
EB Manuel	806 179	736 379
A de Vries	595 295	557 712
SR Claassen	249 349	226 249
SIJ Smit	255 327	226 249
A Maarman	249 349	230 296
C Snyders	252 998	225 900
Total Councillors' Remuneration	**5 281 515**	**4 848 895**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	479 329	216 802	20 868	89 180	806 179
Deputy-Mayor	395 485	151 603	20 868	59 323	627 278
Speaker	380 459	167 848	20 868	74 349	643 523
Executive Committee Members	912 847	136 201	39 997	50 981	1 140 026
Councillors	1 428 974	355 318	166 944	113 273	2 064 508
Total Councillors' Remuneration	**3 597 094**	**1 027 771**	**269 545**	**387 104**	**5 281 515**

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

	2016 R	2015 R
31 DEBT IMPAIRMENT		
Receivables from exchange transactions - note 17	3 579 522	2 552 078
Receivables from non-exchange transactions - note 18	4 338 429	4 224 614
	7 917 951	6 776 692
Less: VAT Portion on Debt Impairment	(153 693)	188 200
Total Debt Impairment	**7 764 258**	**6 964 892**
As previousy reported		6 543 914
Correction of error restatement - note 38.3		420 978
Restated balance		6 964 892

32 DEPRECIATION AND AMORTISATION

Property, plant and equipment	17 185 537	15 594 853
Intangible assets	335 848	230 320
Total Depreciation and Amortisation	**17 521 385**	**15 825 173**

		2016 R	2015 R
33	**FINANCE COSTS**		
	Long-term Liabilities	5 798 289	6 253 205
	Non-current Provisions	2 377 845	2 316 278
	Non-current Employee Benefits - Provision for Post Retirement Health Care Benefits	3 023 731	2 700 897
	Non-current Employee Benefits - Provision for Long Service Awards	382 534	344 300
	Total Finance Costs	**11 582 399**	**11 614 680**
34	**BULK PURCHASES**		
	Electricity	67 608 960	58 397 870
	Water	5 420 540	4 849 581
	Total Bulk Purchases	**73 029 500**	**63 247 451**
	As previously reported		61 595 633
	Correction of error restatement - note 38.6		1 651 818
	Restated balance		63 247 451
35	**GRANTS AND SUBSIDIES PAID**		
	Grants-in-aid and Donations	3 214 250	3 090 500
	Total Grants and Subsidies	**3 214 250**	**3 090 500**
	As previously reported		4 742 318
	Correction of error restatement - note 38.6		(1 651 818)
	Restated balance		3 090 500
36	**GENERAL EXPENSES**		
	Advertisement	737 436	699 471
	Audit Fees	2 476 535	2 671 622
	Bank Charges	495 072	431 990
	Books	38 134	2 462
	Cemetery	1 025	-
	Chemicals	636 761	595 178
	Entertainment	286 107	281 581
	Fuel	2 760 103	2 825 782
	Impact Studies	471 692	421 885
	Insurance	1 204 495	942 100
	Legal Fees	(27 302)	170 872
	Licensing	587 331	455 153
	Lost Books	9 579	8 128
	Materials	1 399 311	1 371 344
	Membership Fees	1 053 837	1 131 337
	Planning and Development	61 182	185 585
	Postage	586 617	413 400
	Printing	256 043	234 700
	Professional Fees	10 786 704	9 414 326
	Projects	71 432	43 965
	Protective Clothing	446 420	376 245
	RDP Housing Construction Fees	30 063 495	1 778 600
	Refuse Bags	723 007	881 049
	Rent Buildings	66 000	32 400
	Rent Equipment	111 312	92 099
	Sport Fields	173 520	115 108
	Stationary	796 304	678 743
	Sundries	1 094 495	885 621
	Telephone Costs	1 277 403	1 274 571
	Training	1 318 771	1 097 394
	Travel and Entertainment	1 001 654	1 065 638
	Trees	22 086	3 479
	Unions	106 913	48 489
	Valuations	6 711	78 584
	Fertilizer	19 635	11 565
	Ward Committee	253 995	88 335
	Total General Expenses	**61 373 815**	**30 808 801**
	As previously reported		30 568 990
	Correction of error restatement - note 38.4		239 811
	Restated balance		30 808 801

		2016 R	2015 R
37	**GAIN/(LOSS) ON SALE OF ASSETS**		
	Proceeds from disposal	105 263	-
	Carrying value of Property, Plant and Equipment	(36 715)	(84 595)
	Total Gain/ (Loss) on Sale of Assets	**68 548**	**(84 595)**

			2015 R
38	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
38.1	**Long-Term Liabilities**		
	Some of the annuity loan's outstanding balances as on year-end did not agree to the bank confirmation received from the respective banking institutions. The reason for the variances were due to additional loans taken up in the past not allocated to the loan account.		
	The net effect of the above-mentioned errors were as follow:		
	- Long-term Liabilities - note 3	Understated	344 966
	- Accumulated Surplus - note 38.5	Overstated	(344 966)
38.2	**Payables from exchange transactions**		
	As per the accounting policy, all unclaimed unknown receipts are recognised as income after a period of 36 month. During 2014/15 the municipality neglected to recognise the unclaimed unknown receipts pertaining to 2011/12.		
	The net effect of the above-mentioned errors were as follow:		
	- Payables from exchange transactions - note 8	Overstated	(251 734)
	- Other Income - note 28	Understated	251 734
38.3	**Taxes**		
	The VAT portion pertaining to the Provision for Debt Impairment was incorrectly calculated in the prior year. The VAT portion was calculated based on the contribution for the year, but should have been calculated on the portion pertaining to the closing balance order to take into account any write-offs.		
	The net effect of the above-mentioned errors were as follow:		
	- Taxes - note 10	Overstated	(881 044)
	- Debt Impairment - note 31	Understated	420 978
	- Accumulated Surplus - note 38.5	Overstated	(460 066)
38.4	**Receivables from Exchange Transactions**		
	It was noted that internal charges raised are only being cleared in the following month, therefore receivables as on 30 June are being overstated by internal charges.		
	The net effect of the above-mentioned errors were as follow:		
	- Receivables from exchange transactions - note 17	Overstated	(514 446)
	- Service Charges - note 24	Overstated	(127 171)
	- Accumulated Surplus - note 38.5	Overstated	(387 275)
38.5	**Receivables from non-exchange transactions**		
	Expenditure and discount pertaining to 2014/15 was incorrectly recognised as a prepaid expense in the Statement of Financial Position, rather than being recognised in the Statement of Financial Performance.		
	The net effect of the above-mentioned errors were as follow:		
	- Payables from exchange transactions - note 8	Overstated	(50 486)
	- Receivables from non-exchange transactions - note 18	Overstated	(290 297)
	- General Expenses note 36	Understated	239 811

		2015 R
38.6	**Accumulated Surplus**	
	Long-term Liabilities - note 38.1	(344 966)
	Taxes - note 38.3	(460 066)
	Receivables from Exchange Transactions - note 38.3	(387 275)
	Total	(1 192 306)

38.7 Misallocation in Statement of Financial Performance

The Accounting Standards Board (ASB) issued a guideline for to the treatment of free basic services relating to indigents. The guideline states that no revenue should be raised and the expendtiture relating to the indigent support should still be disclosed as per the nature of the expenditure. However, the Municipality incorrectly reallocated water and electricity expenditure relating to indigent support from Bulk Purchases to Grants and Subsidies Paid.

The net effect of the above-mentioned errors were as follow:

-	Bulk Purchases - note 34	Understated	1 651 818
-	Grants and Subsidies Paid - note 35	Overstated	(1 651 818)

		2016 R	2015 R
39	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Net Surplus/(Deficit) for the year	25 471 003	35 367 614
	Adjusted for:		
	Non-cash revenue included in Net Surplus	(263 461)	(775 952)
	Contributed Property, Plant and Equipment	-	(856 772)
	Actuarial Gains	(268 929)	-
	Rental of Facilities and Equipment - decrease in operating lease asset	5 468	(1 870)
	Change in Estimate of Traffic Fines	-	82 690
	Non-cash expenditure included in Net Surplus	39 857 965	36 141 398
	Employee Related Costs - Contributions towards	7 971 334	7 155 473
	Post Retirement Health Care Benefits	1 926 749	1 753 521
	Long Service Awards	439 518	377 825
	Bonuses	4 424 560	4 143 676
	Staff Leave	1 180 507	880 451
	Debt Impairment	7 764 258	6 964 892
	Depreciation and Amortisation	17 521 385	15 825 173
	Actuarial Losses	885 426	749 790
	Finance Charges	5 784 110	5 361 475
	Post Retirement Health Care Benefits	3 023 731	2 700 897
	Long Service Awards	382 534	344 300
	Provision for Rehabilitation of Landfill-sites	2 377 845	2 316 278
	Gains/(Loss) on Sale of Assets	(68 548)	84 595
	Cash expenditure not included in Net Surplus	(6 472 601)	(5 777 485)
	Provision for Rehabilitation of Landfill Sites	(131 807)	(90 946)
	Post Retirement Health Care Benefits	(1 070 419)	(947 434)
	Long Service Awards	(463 193)	(490 603)
	Bonuses	(4 315 038)	(3 935 246)
	Staff Leave	(492 144)	(313 256)
	Operating Surplus before changes in working capital	58 592 906	64 955 575
	Movement in working capital	(11 622 491)	(12 123 759)
	Receivables from Exchange Transactions	(1 225 873)	(6 835 518)
	Receivables from Non-Exchange Transactions	(7 723 694)	(8 771 255)
	Inventory	(252 084)	(526 852)
	Long-term Receivables	(1 446 866)	1 493 191
	Payables from exchange transactions	(1 256 730)	7 493 859
	Conditional Government Grants	1 591 229	(5 660 954)
	Taxes	(1 308 473)	683 770
	Cash Flow from Operating Activities	**46 970 416**	**52 831 816**

40 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Current Accounts - note 20	60 024 814	11 770 296
Call Investments Deposits - note 20	5 627 255	36 559 660
Cash Floats - note 20	7 450	14 070
Total cash and cash equivalents	**65 659 519**	**48 344 026**

		2016 R	2015 R
41	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - note 40	65 659 519	48 344 026
	Less:	(4 398 759)	(2 039 014)
	Unspent Committed Conditional Grants - note 9	(2 997 486)	(1 487 027)
	Unspent Borrowings - note 42	(896 699)	-
	Cash Portion of Housing Development Fund - note 2	(504 574)	(551 987)
	Net cash resources available for internal distribution	61 260 760	46 305 012
	Allocated to:		
	Capital Replacement Reserve - note 2	(15 230 500)	(12 172 050)
	Resources available for working capital requirements	**46 030 260**	**34 132 962**

		2016 R	2015 R
42	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - note 3	52 052 647	49 686 421
	Used to finance property, plant and equipment - at cost	(51 155 948)	(49 686 421)
	Unspent Borrowings	896 699	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested to finance property, plant and equipment from borrowings	**896 699**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

43 BUDGET INFORMATION

43.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

43.2 Explanation of material variances: Final Budget and Actual Amounts

Material variances are considered to be any variance greater than R2 500 000.

Statement of Financial Position

43.2.1 Current Assets

Cash

The Cash available at year-end was more than anticipated due to most Call Investment Deposits which matured during June 2016.

Call Investment Deposits

The Call Investment Deposits were less than anticipated due to most Call Investment Deposits which matured during June 2016.

Consumer Debtors

Consumer Debtors were less than budgeted for due to higher collections than anticpated and the reversal of internal charges.

43.2.2 Non-Current Assets

There were not material variances on Non-Current Assets.

43.2.3 Current Liabilities

Borrowing

The short-term portion was not budgeted for.

Trade and Other Payables

Incorrect assumptions were used when budgeted for trade and other payables.

		2016 R	2015 R

43.2.4 Non-Current Liabilities

Borrowing

The short-term portion was not budgeted for and therefore included in the non-current portion.

43.2.5 Net Assets

Accumulated Surplus/(Deficit)

Net result of all variances relating to the Statement of Financial Performance as well as the correction of prior year errors.

Statement of Financial Performance

43.2.6 Revenue

Service Charges - Electricity Revenue

Electricity revenue was less than budgeted for as the budget include internal charges which are reversed at year-end in order to comply with GRAP.

Fines

Fines was more than budgeted for due to the appointment of a new service provider.

Transfers Recognised - Operational

Grants were less than budgeted for due to not all projects implemented.

43.2.7 Expenditure

Debt Impairment

Debt Impairment was more than budgeted for due to the additional fines issued which was impaired.

Other Expenditure

Other Expenditure was less than budgeted for due to the following reason:

- *Not all operating grants projects were implemented.*
- *Internal charges was reversed at year-end in order to comply with GRAP.*
- *General savings on day-to-day operations.*

Cash Flow Statement

43.2.8 Net Cash from Operating Activities

Service charges

Service charges were less than budged for due to the reversal of internal charges in order to comply with GRAP.

Government

No all grant projects were implemented and therefore not all funding received.

Suppliers and Employees

Actual is more than budgeted for due to incorrect assumptions used when budgeted for trade and other payables.

43.2.9 Net Cash from Investing Activities

Capital Assets

Actual is less than budgeted for due to incorrect capital expenditure amount used during budget of cash flow.

43.2.10 Net Cash from Financing Activities

Repayment of Borrowing

Actual is less than budgeted for due to incorrect repayment schedule used in determining the redemption of borrowings.

		2016 R	2015 R
44	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
44.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	3 705 846	5 327 388
	Unauthorised expenditure current year - operational	2 438 153	227 510
	Unauthorised expenditure current year - capital	-	3 478 336
	Approved by Council	(3 705 846)	(5 327 388)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	**2 438 153**	**3 705 846**

Unauthorised expenditure can be summarised as follow:

	2016 (Actual) R	2016 (Final Budget) R	2016 (Unauthorised) R	2015 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Municipal Manager	16 090 498	18 405 666	-	-
Vote 2 - Finance	15 900 446	18 361 363	-	-
Vote 3 - Corporate Services	47 446 937	45 008 784	2 438 153	227 510
Vote 4 - Technical Services	203 724 147	218 940 777	-	-
Total	**283 162 028**	**300 716 590**	**2 438 153**	**227 510**
Unauthorised expenditure is a non-cash item which relates to the provision for debt impairment of traffic fines issued.				
Unauthorised expenditure - Capital				
Vote 1 - Municipal Manager	48 014	84 050	-	-
Vote 2 - Finance	728 661	830 000	-	-
Vote 3 - Corporate Services	4 699 292	4 799 430	-	689 375
Vote 4 - Technical Services	26 745 281	28 977 034	-	2 788 961
	32 221 247	**34 690 514**	**-**	**3 478 336**

		2016 R	2015 R
44.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	1 600	-
	Fruitless and wasteful expenditure current year	-	1 773
	Condoned or written off by Council	(1 600)	-
	Recovered during the year	-	(173)
	Fruitless and wasteful expenditure awaiting condonement	**-**	**1 600**

Fruitless and wasteful expenditure can be summarised as follow:

Incident		**Disciplinary steps/criminal proceedings**		
Interest paid to SARS		*To be investigated*	-	1 600
			-	1 600

		2016 R	2015 R
44.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	691 068	-
	Irregular expenditure current year	-	691 068
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Condonement supported by council	(691 068)	-
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting further action	**-**	**691 068**

Irregular expenditure can be summarised as follow:

Incident		**Disciplinary steps/criminal proceedings**		
Incorrect awarding of tender (Section 5(1)(a) of Preferential Procurement Regulation)		*None*	-	7 849
Awards not advertised for 14 days on website (Section 22 of SCM Regulations)		*None*	-	683 219
			-	691 068

		2016 R	2015 R
45	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
45.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**		
	Opening balance		-
	Council subscriptions	977 301	893 972
	Amount paid - current year	(977 301)	(893 972)
	Amount paid - previous years		-
	Balance unpaid (included in creditors)	**-**	**-**
45.2	**Audit fees - [MFMA 125 (1)(c)]**		
	Opening balance	-	5 316
	Current year audit fee	2 891 318	3 106 098
	External Audit - Auditor-General	2 823 250	3 045 650
	Audit Committee	68 068	60 448
	Amount paid - current year	(2 887 489)	(3 106 097)
	Amount paid - previous year	-	(5 317)
	Balance unpaid (included in creditors)	**3 829**	**-**
45.3	**VAT - [MFMA 125 (1)(c)]**		
	Opening balance	2 522 477	4 039 783
	Amounts received - current year	(768 951)	(3 828 730)
	Amounts claimed - current year	(3 570 556)	(1 993 815)
	Amount paid - current year	4 928 476	4 305 239
	Closing balance	**3 111 446**	**2 522 477**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

45.4	**PAYE and UIF - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Current year payroll deductions	11 432 548	9 926 908
	Amount paid - current year	(11 432 548)	(9 926 908)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	**-**	**-**

		2016 R	2015 R
45.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	23 354 153	21 331 429
	Amount paid - current year	(23 354 153)	(21 331 429)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	**-**	**-**

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

		Type of Deviation			
	Amount	Single Supplier	Minor Offense	Impractical/ Impossible	Emergency
July	793 988	8	10	6	4
August	573 103	2	5	2	6
September	132 792	1	7	3	2
October	149 840	1	6	4	3
November	324 972	2	13	6	2
December	772 711	5	8	8	4
January	280 657	3	7	5	1
February	88 471	-	2	1	4
March	374 034	2	12	7	3
April	574 930	2	13	6	2
May	765 522	8	20	3	5
June	9 345 193	6	25	6	1
	14 176 214	40	128	57	37

		2016 R	2015 R
45.8	**Material losses**		
	Electricity distribution losses		
	Units purchased (Kwh)	78 186 094	76 855 739
	Units lost during distribution (Kwh)	7 916 370	8 069 840
	Percentage lost during distribution	10.13%	10.50%
	Distribution loss (Rand Value)	6 670 136	6 046 328
	Water distribution losses		
	Units purchased (kl)	2 627 992	2 515 197
	Units lost during distribution (kl)	276 761	223 365
	Percentage lost during distribution	10.53%	8.88%
	Distribution loss (Rand Value)	1 286 939	960 470
46	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	4 107 386	5 468 824
	Infrastructure	3 368 503	5 468 824
	Intangible Assets	738 883	-
	Approved and not contracted for:	-	-
	Total	**4 107 386**	**5 468 824**
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	-	-
	Government Grants	4 107 386	5 468 824
	Own Resources	-	-
	District Council Grants	-	-
	Total	**4 107 386**	**5 468 824**

47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

1% (2015: 1%) Increase in interest rates	656 521	483 300
0% (2015: 1%) Decrease in interest rates	-	(483 300)

	2016 R	2015 R

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 15 for balances included in receivables that were re-negotiated for the period under review.

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Long-term Receivables	3 756 415	2 309 549
Receivables from exchange transactions	43 511 824	44 496 914
Receivables from non-exchange transactions	46 512 372	39 034 324
Cash and Cash Equivalents	65 652 069	48 329 956
	159 432 680	134 170 743

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
2016				
Long-term Liabilities	9 056 456	33 560 013	59 754 515	102 370 985
Payables from Exchange Transactions	22 919 053	-	-	22 919 053
	31 975 509	33 560 013	59 754 515	125 290 038
2015				
Long-term Liabilities	9 665 957	31 550 803	60 100 798	101 317 558
Payables from Exchange Transactions	23 873 679	-	-	23 873 679
	33 539 636	31 550 803	60 100 798	125 191 237

		2016 R	2015 R
48	**FINANCIAL INSTRUMENTS**		
	The Municipality recognised the following financial instruments at amortised cost:		
48.1	**Financial Assets**		
	Long-term Receivables		
	Receivables with repay arrangements	3 486 387	2 039 521
	Housing Loans	270 028	270 028
	Receivables from Exchange Transactions		
	Electricity	11 305 182	11 339 334
	Water	9 324 108	9 093 075
	Housing Rentals	28 646	31 276
	Refuse	10 890 531	10 431 218
	Sewerage	7 386 479	7 125 208
	Other Arrears	4 576 878	6 476 803
	Cash and Cash Equivalents		
	Bank Balances	60 024 814	11 770 296
	Call Deposits	5 627 255	36 559 660
	Total Financial Assets	**112 920 308**	**95 136 419**
48.2	**Financial Liabilities**		
	Long-term Liabilities		
	Annuity Loans	51 953 649	49 446 493
	Capitalised Lease Liability	98 998	239 928
	Trade and Other Payables		
	Trade Payables	16 854 317	16 535 852
	Interest Accrued	37 963	53 964
	Retentions	462 916	1 824 825
	Other Creditors	4 588 401	4 654 871
	Deposits: Other	975 456	804 167
	Total Financial Liabilities	**74 971 700**	**73 560 100**

		2016 R	2015 R
49	**STATUTORY RECEIVABLES**		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Taxes		
	VAT Receivable	5 135 217	3 897 983
	Receivables from Non-Exchange Transactions	43 060 908	36 007 193
	Rates	29 741 293	28 488 553
	Fines	13 319 615	7 518 640
	Total Statutory Receivables	**48 196 125**	**39 905 176**

50 EVENTS AFTER THE REPORTING DATE

The municipality had no significant events after reporting date.

51 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

54 RELATED PARTIES

Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

54.1 Related Party Transactions

Year ended 30 June 2016	**Rates**	**Service Charges**	**Other**	**Outstanding Balance**
Councillors				
SR Claassen	974	4 296	-	439
SM Crafford	-	4 509	267	485
WJ Dirks	3 993	6 080	13	778
EB Manuel	2 143	17 540	92	2 199
JA Raats	12 467	28 460	18	3 461
SIJ Smit	3 896	47 548	372	5 918
AJ De Vries	7 159	2 198	893	1 109
CJ Snyders	-	4 759	6	361
	30 632	**115 390**	**1 661**	**14 752**
Municipal Manager and Section 57 Employees				
Adv H Linde	-	7 874	-	408
JA van Niekerk	10 519	13 039	2 583	1 238
JWA Kotzee	1 071	9 054	-	797
H Krohn	-	31 217	-	-
	11 591	**61 184**	**2 583**	**2 442**

Year ended 30 June 2015	Rates	Service Charges	Other	Outstanding Balance
Councillors				
SR Claassen	919	4 054	87	414
SM Crafford	-	8 457	15	697
A de Vries	-	-	-	-
WJ Dirks	3 768	6 504	-	805
EB Manuel	2 022	17 042	23	3 282
JA Raats	11 763	27 057	-	3 700
A Maarman	-	-	-	-
SIJ Smit	3 676	34 633	264	6 013
	22 148	**97 747**	**389**	**14 911**
Municipal Manager and Section 57 Employees				
Adv H Linde	-	8 660	-	514
JA van Niekerk	9 925	11 432	-	1 732
JWA Kotzee	169	4 230	-	718
H Krohn	-	26 487	(1 110)	2 454
	10 094	**50 809**	**(1 110)**	**5 418**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.2 Compensation of key management personnel

The compensation of management personnel is set out in note 29 and 30.

54.3 Other related party transactions

The following purchases were made during the year where Management have an interest:

Councillor/Staff Member	Entity	2016 R	2015 R
H Linde	C Linde (Training)	-	5 946
		-	**5 946**

55 FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

Financial Indicators

The current ratio increased to 3,08:1 from 2,70:1 in the prior year.

The municipality have budgeted for a surplus of R15 616 325 for the 2015/2016 financial year and surpluses of R19 267 743 and R36 634 036 for the 2016/2017 and 2017/2018 years respectively.

The average debtors collection rate increased from 95,47% to 97,86%.

Cash and Cash Equivalents have increased during the year.

APPENDIX A
BERGRIVIER MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
LONG-TERM LOANS							
DBSA	15.00%	61001254	2018/06/30	690 772	-	(197 816)	492 956
DBSA	13.00%	61001020	2016/03/31	207 451	-	(207 452)	-
DBSA	9.98%	61000584	2016/12/31	557 579	-	(362 591)	194 988
DBSA	16.50%	61003131	2020/12/31	606 968	-	(74 808)	532 160
DBSA	14.00%	61001189	2017/09/30	443 100	-	(159 420)	283 680
DBSA	11.70%	61003268	2016/06/30	123 783	-	(123 783)	-
Nedbank	11.27%	05/7831032282	2023/06/12	3 413 456	-	(286 182)	3 127 274
DBSA	9.86%	61000757	2018/12/31	2 994 470	-	(755 110)	2 239 360
DBSA	12.41%	61001029	2030/06/30	16 024 179	-	(399 612)	15 624 567
DBSA	11.53%	61006811	2031/06/30	3 768 585	-	(88 434)	3 680 151
DBSA	11.59%	61006837	2036/06/30	8 674 686	-	(105 332)	8 569 354
DBSA	11.33%	61006975	2032/06/30	3 818 509	-	(79 766)	3 738 743
Standard Bank	11.95%	252933753	2024/06/30	6 439 044	-	(428 399)	6 010 645
Standard Bank	11.25%	252933737	2019/06/30	1 683 909	-	(354 137)	1 329 772
ABSA	9.99%	3044794458	2021/06/30	-	430 000	-	430 000
ABSA	10.57%	3044701437	2026/06/12	-	5 700 000	-	5 700 000
Total Long-term Loans				49 446 493	6 130 000	(3 622 843)	51 953 650
LEASE LIABILITY							
Cellphones and Modems		Various		14 917	181 600	(97 519)	98 998
Telephone Systems		Various		225 012	-	(225 012)	-
Total Lease Liabilities				239 928	181 600	(322 531)	98 998
TOTAL EXTERNAL LOANS				49 686 421	6 311 600	(3 945 374)	52 052 648

APPENDIX B

BERGRIVIER MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
15 529 828	(15 881 228)	(351 401)	Executive and Council	18 787 537	(16 090 498)	2 697 038
60 612 184	(9 011 761)	51 600 423	Budget and Treasury Office	63 184 622	(15 900 446)	47 284 176
1 294 229	(23 504 128)	(22 209 899)	Corporate Services	1 714 177	(24 311 144)	(22 596 967)
931 632	(3 457 993)	(2 526 361)	Planning and Development	1 286 227	(4 208 369)	(2 922 142)
-	-	-	Health	-	-	-
6 563 783	(6 813 678)	(249 895)	Community and Social Services	6 341 223	(6 643 572)	(302 349)
7 573 252	(2 824 300)	4 748 952	Housing	29 908 008	(31 138 537)	(1 230 529)
6 099 120	(11 782 367)	(5 683 247)	Public Safety	6 990 280	(15 217 845)	(8 227 566)
4 883 438	(10 772 171)	(5 888 733)	Sport and Recreation	5 942 000	(12 685 029)	(6 743 029)
-	-	-	Environmental Protection	-	-	-
20 491 122	(17 474 058)	3 017 063	Waste Management	21 909 136	(20 112 938)	1 796 198
15 937 507	(7 018 325)	8 919 182	Waste Water Management	16 033 243	(8 198 419)	7 834 823
4 464 323	(23 992 052)	(19 527 729)	Road Transport	4 720 814	(24 417 738)	(19 696 924)
37 475 020	(16 304 359)	21 170 662	Water	39 907 184	(18 043 855)	21 863 329
82 336 533	(79 987 935)	2 348 598	Electricity	91 908 583	(86 193 637)	5 714 946
264 191 971	(228 824 355)	35 367 616	Sub Total	308 633 033	(283 162 028)	25 471 005
-	-	-	Less Inter-Departmental Charges	-	-	-
264 191 971	(228 824 355)	35 367 616	**Total**	308 633 033	(283 162 028)	25 471 005

APPENDIX C
BERGRIVIER MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2016
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive and council	983 117	-	65 143	-	-	1 048 260	559 087	-	90 819	-	649 905	398 355
Budget and treasury office	6 880 683	-	5 326 696	-	(40 810)	12 166 570	3 813 340	-	851 743	(16 324)	4 648 759	7 517 811
Corporate Services	778 737	-	181 600	-	(170 343)	789 994	562 958	-	303 689	(170 343)	696 304	93 690
Planning and Development	226 051	-	275 062	-	-	501 112	125 271	-	31 738	-	157 009	344 104
Community and social services	114 113 147	-	1 354 514	-	(6 114)	115 461 547	17 401 375	-	2 426 288	(1 030)	19 826 634	95 634 913
Housing	177 195	-	-	-	-	177 195	24 977	-	19 360	-	44 337	132 857
Public Safety	3 847 586	-	352 128	-	-	4 199 714	1 921 689	-	429 905	-	2 351 594	1 848 120
Sport and recreation	12 340 493	-	29 896	-	-	12 370 389	5 115 228	-	509 196	-	5 624 424	6 745 965
Waste Management	59 192 789	-	563 976	-	(1 138 910)	58 617 855	21 992 329	-	3 712 342	-	25 704 671	32 913 183
Waste Water Management	69 727 277	-	2 740 692	550 000	-	73 017 969	11 650 260	-	2 668 316	-	14 318 577	58 699 392
Road Transport	80 299 213	-	3 643 047	-	-	83 942 260	28 541 919	-	3 335 156	-	31 877 074	52 065 186
Water	58 947 460	-	5 259 115	7 096 200	(7 205)	71 295 570	14 497 335	-	1 593 921	(60)	16 091 196	55 204 375
Electricity	45 930 954	-	1 383 144	3 581 633	-	50 895 731	13 648 515	-	1 548 912	-	15 197 427	35 698 304
	453 444 701	-	21 175 013	11 227 833	(1 363 382)	484 484 165	119 854 282	-	17 521 386	(187 757)	137 187 911	347 296 254

APPENDIX D
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL VOTES CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
			Municipal Manager			
15 238 077	(11 653 457)	3 584 620	Council	18 131 537	(10 896 833)	7 234 704
291 750	(4 227 771)	(3 936 020)	Strategic Services	656 000	(5 193 665)	(4 537 665)
			Director: Finance			
60 612 184	(9 011 761)	51 600 423	Financial Administration	63 184 622	(15 900 446)	47 284 176
			Director: Corporate Services			
626 609	(6 170 619)	(5 544 010)	Administration	604 800	(5 062 244)	(4 457 444)
-	(297 422)	(297 422)	Community Services	-	(409 289)	(409 289)
-	(866 478)	(866 478)	Fire	-	(1 110 915)	(1 110 915)
3 894 875	(4 028 534)	(133 659)	Holiday Resorts	4 146 829	(5 102 212)	(955 384)
192 929	(9 903 156)	(9 710 228)	Human Resources	677 187	(11 729 868)	(11 052 681)
6 289 250	(5 923 371)	365 879	Library	6 029 283	(5 826 701)	202 582
427 139	(2 247 493)	(1 820 354)	Planning and Development	508 983	(2 750 749)	(2 241 766)
6 099 120	(10 915 889)	(4 816 769)	Traffic	6 990 280	(14 106 930)	(7 116 650)
3 216 665	(1 303 079)	1 913 587	Vehicle Licencing	3 358 372	(1 348 028)	2 010 344
			Director: Technical Services			
504 493	(1 210 500)	(706 006)	Building Control	777 243	(1 457 620)	(680 376)
274 533	(592 885)	(318 352)	Cemetery	311 940	(407 582)	(95 641)
-	(4 852 658)	(4 852 658)	Community Parks	-	(5 579 129)	(5 579 129)
474 691	(7 430 353)	(6 955 662)	Council Properties & Buildings	432 190	(7 519 031)	(7 086 842)
82 336 533	(79 775 941)	2 560 592	Electricity	91 908 583	(85 889 895)	6 018 687
-	(211 994)	(211 994)	Electricity Streetlights	-	(303 741)	(303 741)
7 573 252	(2 824 300)	4 748 952	Housing	29 908 008	(31 138 537)	(1 230 529)
20 491 122	(17 474 058)	3 017 063	Refuse Removal and Dumping	21 909 136	(20 112 938)	1 796 198
1 247 658	(22 688 973)	(21 441 315)	Roads and Stormwater	1 362 443	(23 069 710)	(21 707 267)
15 937 507	(4 649 486)	11 288 021	Sewerage	16 033 243	(7 495 779)	8 537 464
988 563	(1 890 978)	(902 415)	Sportgrounds & Swimming Pools	1 795 172	(2 003 688)	(208 517)
-	(2 368 839)	(2 368 839)	Stormwater Management	-	(702 641)	(702 641)
37 475 020	(16 304 359)	21 170 662	Water	39 907 184	(18 043 855)	21 863 329
264 191 971	(228 824 355)	35 367 616	Sub Total	308 633 033	(283 162 028)	25 471 005
-	-	-	Less Inter-Departmental Charges	-	-	-
264 191 971	(228 824 355)	35 367 616	**Total**	308 633 033	(283 162 028)	25 471 005

APPENDIX E

BERGRIVIER MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2015	Correction of Error	Restated Balance 30 June 2015	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2016	Unspent 30 June 2016 (Creditor)	Unpaid 30 June 2016 (Debtor)
National Government Grants											
Equitable Share	-	-	-	30 454 000	-	-	(30 454 000)	-	-	-	-
Finance Management Grant (FMG)	-	-	-	1 450 000	-	-	(1 000 000)	(450 000)	-	-	-
Municipal Systems Improvement Grant (MSIG)	-	-	-	940 000	-	-	(340 000)	(600 000)	-	-	-
Municipal Infrastructure Grant (MIG)	1 348 069	-	1 348 069	14 201 000	-	(1 348 000)	(2 111 376)	(11 783 135)	306 558	306 558	-
Expanded Public Works Programme	-	-	-	1 070 000	-	-	(1 070 000)	-	-	-	-
Integrated National Electrification	-	-	-	3 000 000	-	-	-	(2 315 031)	684 969	684 969	-
ACIP	-	-	-	4 453 734	-	-	(547 328)	(3 906 406)	-	-	-
Total National Government Grants	**1 348 069**	**-**	**1 348 069**	**55 568 734**	**-**	**(1 348 000)**	**(35 522 704)**	**(19 054 572)**	**991 527**	**991 527**	**-**
Provincial Government Grants											
Housing	(80 770)	-	(80 770)	31 814 159	-	-	(29 860 055)	-	1 873 334	1 873 334	-
CDW Contribution	-	-	-	36 000	-	-	(36 000)	-	-	-	-
Housing Consuming Education	3 880	-	3 880	-	-	-	(3 880)	-	-	-	-
Finance Management Grant (Provincial)	51 942	-	51 942	1 062 500	-	-	(1 041 232)	-	73 210	73 210	-
Proclaimed Roads	-	-	-	82 339	-	-	(82 339)	-	-	-	-
Municipal Infrastructure Support Grant	-	-	-	-	-	-	-	-	-	-	-
Municipal Performance Management Allocation	-	-	-	200 000	-	-	(200 000)	-	-	-	-
Library Services	-	-	-	5 930 000	-	-	(5 325 000)	(605 000)	-	-	-
Total Provincial Government Grants	**(24 948)**	**-**	**(24 948)**	**39 124 998**	**-**	**-**	**(36 548 506)**	**(605 000)**	**1 946 544**	**1 946 544**	**-**
District Municipality											
West Coast DM - LED	-	-	-	-	-	-	-	-	-	-	-
Total District Municipality Grants	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Grant Providers											
Cerebos Ltd	83 136	-	83 136	35 000	-	-	(71 549)	-	46 587	46 587	-
Chieta	-	-	-	135 000	-	-	(122 172)	-	12 828	12 828	-
LG Seta	-	-	-	286 086	-	-	(286 086)	-	-	-	-
Total Other Grant Providers	**83 136**	**-**	**83 136**	**456 086**	**-**	**-**	**(479 807)**	**-**	**59 415**	**59 415**	**-**
Total Grants	**1 406 257**	**-**	**1 406 257**	**95 149 818**	**-**	**(1 348 000)**	**(72 551 016)**	**(19 659 572)**	**2 997 486**	**2 997 486**	**-**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
Financial Performance						
Property rates	51 928 000	(814 000)	51 114 000	52 508 447	1 394 447	49 129 586
Service charges	139 312 000	2 570 000	141 882 000	137 397 235	(4 484 765)	126 068 500
Investment revenue	2 250 000	1 000 000	3 250 000	4 296 966	1 046 966	3 232 674
Transfers recognised - operational	40 517 000	40 664 272	81 181 272	72 092 906	(9 088 366)	40 981 105
Other own revenue	17 742 000	487 600	18 229 600	22 505 883	4 276 283	19 394 549
Total Operating Revenue	**251 749 000**	**43 907 872**	**295 656 872**	**288 801 437**	**(6 855 435)**	**238 806 414**
Employee costs	97 727 000	(532 236)	97 194 764	96 066 313	(1 128 451)	86 530 847
Remuneration of councillors	5 274 140	(700 720)	4 573 420	5 281 515	708 095	4 848 895
Debt impairment	3 823 440	699 560	4 523 000	7 764 257	3 241 257	6 964 892
Depreciation and asset impairment	17 944 000	95 000	18 039 000	17 521 386	(517 614)	15 825 174
Finance charges	10 892 892	826 714	11 719 606	11 582 399	(137 207)	11 614 679
Materials and bulk purchases	72 292 000	130 000	72 422 000	73 029 500	607 500	63 247 451
Transfers and grants	3 331 000	-	3 331 000	3 214 250	(116 750)	3 090 500
Other expenditure	46 945 000	41 968 800	88 913 800	68 702 409	(20 211 391)	36 701 917
Total Expenditure	**258 229 472**	**42 487 118**	**300 716 590**	**283 162 029**	**(17 554 561)**	**228 824 355**
Surplus/(Deficit)	**(6 480 472)**	**1 420 754**	**(5 059 718)**	**5 639 408**	**10 699 126**	**9 982 059**
Transfers recognised - capital	55 301 000	(34 624 956)	20 676 044	19 831 596	(844 448)	24 528 783
Contributions Recognised - Capital	-	-	-	-	-	856 772
Surplus/(Deficit) for the year	**48 820 528**	**(33 204 202)**	**15 616 326**	**25 471 004**	**9 854 678**	**35 367 614**
Capital expenditure & funds sources						
Capital expenditure	**69 200 050**	(34 509 536)	**34 690 514**	**32 221 247**	(2 469 267)	**35 187 490**
Transfers recognised - capital	55 301 000	(34 708 772)	20 592 228	19 759 360	(832 868)	24 478 715
Public contributions & donations	-	83 136	83 136	71 549	(11 587)	-
Borrowing	6 130 000	-	6 130 000	5 233 301	(896 699)	5 250 013
Internally generated funds	7 769 050	116 100	7 885 150	7 157 037	(728 113)	5 458 762
Total sources of capital funds	**69 200 050**	**(34 509 536)**	**34 690 514**	**32 221 247**	**(2 469 267)**	**35 187 490**
Cash flows						
Net cash from (used) operating	30 927 323	48 212 289	79 139 612	46 970 416	(32 169 196)	52 831 816
Net cash from (used) investing	(29 898 997)	(15 175 350)	(45 074 347)	(32 115 983)	12 958 364	(34 303 717)
Net cash from (used) financing	3 800 457	(10 382 920)	(6 582 463)	2 461 060	9 043 523	(3 900 210)
Net Cash Movement for the year	4 828 783	22 654 019	27 482 802	17 315 493	(10 167 309)	14 627 889
Cash/cash equivalents at beginning of year	37 798 629	4 828 783	42 627 412	48 344 026	5 716 614	33 716 137
Cash/cash equivalents at the year end	**42 627 412**	**27 482 802**	**70 110 214**	**65 659 519**	**(4 450 696)**	**48 344 026**

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)						
REVENUE						
Governance and administration						
Executive and council	18 408 000	462 500	18 870 500	18 787 537	(82 963)	15 529 828
Budget and treasury office	59 164 000	1 286 000	60 450 000	63 184 622	2 734 622	60 612 184
Corporate services	1 313 000	383 600	1 696 600	1 714 177	17 577	1 294 229
Community and public safety						
Community and social services	6 243 000	-	6 243 000	6 341 223	98 223	6 563 783
Sport and recreation	5 359 330	(2 000)	5 357 330	5 942 000	584 670	4 883 438
Public safety	4 140 000	-	4 140 000	6 990 280	2 850 280	6 099 120
Housing	38 587 000	-	38 587 000	29 908 008	(8 678 992)	7 573 252
Economic and environmental services						
Planning and development	1 102 000	-	1 102 000	1 286 227	184 227	931 632
Road transport	4 826 000	79 816	4 905 816	4 720 814	(185 002)	4 464 323
Trading services						
Electricity	95 519 000	1 364 000	96 883 000	91 908 583	(4 974 417)	82 336 533
Water	39 029 670	2 096 000	41 125 670	39 907 184	(1 218 486)	37 475 020
Waste water management	12 515 000	3 143 000	15 658 000	16 033 243	375 243	15 937 507
Waste management	20 844 000	470 000	21 314 000	21 909 136	595 136	20 491 122
Total Revenue - Standard	**307 050 000**	**9 282 916**	**316 332 916**	**308 633 034**	**(7 699 882)**	**264 191 971**
EXPENDITURE						
Governance and administration						
Executive and council	18 448 140	(42 474)	18 405 666	16 090 498	(2 315 168)	15 881 228
Budget and treasury office	17 583 329	778 034	18 361 363	15 900 446	(2 460 917)	9 011 761
Corporate services	25 110 000	(293 271)	24 816 729	24 311 144	(505 585)	23 504 128
Community and public safety						
Community and social services	6 567 000	412 757	6 979 757	6 643 572	(336 185)	6 813 678
Sport and recreation	13 232 000	596 274	13 828 274	12 685 029	(1 143 245)	10 772 171
Public safety	11 606 111	174 872	11 780 983	15 217 845	3 436 862	11 782 367
Housing	1 494 000	38 229 886	39 723 886	31 138 537	(8 585 349)	2 824 300
Economic and environmental services						
Planning and development	4 412 000	43 394	4 455 394	4 208 369	(247 025)	3 457 993
Road transport	24 981 500	(881 021)	24 100 479	24 417 738	317 259	23 992 052
Trading services						
Electricity	87 341 500	(543 160)	86 798 340	86 193 637	(604 703)	79 987 935
Water	19 075 000	(85 601)	18 989 399	18 043 855	(945 544)	16 304 359
Waste water management	10 219 000	1 270 739	11 489 739	8 198 419	(3 291 320)	7 018 325
Waste management	18 159 892	2 826 689	20 986 581	20 112 938	(873 643)	17 474 058
Total Expenditure - Standard	**258 229 472**	**42 487 118**	**300 716 590**	**283 162 027**	**(17 554 563)**	**228 824 355**
Surplus/(Deficit) for the year	**48 820 528**	**(33 204 202)**	**15 616 326**	**25 471 007**	**9 854 681**	**35 367 616**

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Municipal Manager	18 408 000	462 500	18 870 500	18 787 537	(82 963)	15 529 828
Vote 2 - Finance	59 164 000	1 286 000	60 450 000	63 184 622	2 734 622	60 612 184
Vote 3 - Corporate Services	18 849 000	373 600	19 222 600	22 315 734	3 093 134	20 746 588
Vote 4 - Technical Services	210 629 000	7 160 816	217 789 816	204 345 141	(13 444 675)	167 303 372
Total Revenue by Vote	**307 050 000**	**9 282 916**	**316 332 916**	**308 633 034**	**(7 699 882)**	**264 191 972**
EXPENDITURE						
Vote 1 - Municipal Manager	18 448 140	(42 474)	18 405 666	16 090 498	(2 315 168)	15 881 228
Vote 2 - Finance	17 583 329	778 034	18 361 363	15 900 446	(2 460 917)	9 011 761
Vote 3 - Corporate Services	43 717 111	1 291 673	45 008 784	47 446 937	2 438 153	41 656 042
Vote 4 - Technical Services	178 480 892	40 459 885	218 940 777	203 724 147	(15 216 630)	162 275 324
Total Expenditure by Vote	**258 229 472**	**42 487 118**	**300 716 590**	**283 162 028**	**(17 554 562)**	**228 824 355**
Surplus/(Deficit) for the year	**48 820 528**	**(33 204 202)**	**15 616 326**	**25 471 006**	**9 854 680**	**35 367 617**

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	51 928 000	(814 000)	51 114 000	52 508 447	1 394 447	49 129 586
Service charges - electricity revenue	89 576 000	1 200 000	90 776 000	86 484 265	(4 291 735)	78 300 158
Service charges - water revenue	24 230 000	400 000	24 630 000	23 629 312	(1 000 688)	22 227 683
Service charges - sanitation revenue	9 558 000	300 000	9 858 000	10 211 626	353 626	9 632 225
Service charges - refuse revenue	15 948 000	670 000	16 618 000	17 072 032	454 032	15 908 434
Rental of facilities and equipment	3 697 000	-	3 697 000	4 323 309	626 309	3 675 857
Interest earned - external investments	2 250 000	1 000 000	3 250 000	4 296 966	1 046 966	3 232 674
Interest earned - outstanding debtors	3 000 000	300 000	3 300 000	3 776 001	476 001	3 197 469
Fines	4 107 000	-	4 107 000	7 001 397	2 894 397	6 104 573
Licences and permits	1 560 000	-	1 560 000	1 219 081	(340 919)	1 265 778
Agency services	2 041 000	-	2 041 000	2 199 847	158 847	2 013 969
Transfers recognised - operational	40 517 000	40 664 272	81 181 272	72 092 906	(9 088 366)	40 981 105
Other revenue	3 337 000	187 600	3 524 600	3 917 700	393 100	3 136 903
Gain on disposal of PPE	-	-	-	68 548	68 548	-
Total Revenue (excl capital transfers)	**251 749 000**	**43 907 872**	**295 656 872**	**288 801 437**	**(6 855 435)**	**238 806 414**
EXPENDITURE BY TYPE						
Employee related costs	97 727 000	(532 236)	97 194 764	96 066 313	(1 128 451)	86 530 847
Remuneration of councillors	5 274 140	(700 720)	4 573 420	5 281 515	708 095	4 848 895
Debt impairment	3 823 440	699 560	4 523 000	7 764 257	3 241 257	6 964 892
Depreciation and asset impairment	17 944 000	95 000	18 039 000	17 521 386	(517 614)	15 825 174
Finance charges	10 892 892	826 714	11 719 606	11 582 399	(137 207)	11 614 679
Bulk purchases	72 292 000	130 000	72 422 000	73 029 500	607 500	63 247 451
Transfers and grants	3 331 000	-	3 331 000	3 214 250	(116 750)	3 090 500
Other expenditure	46 945 000	41 968 800	88 913 800	68 702 409	(20 211 391)	36 617 322
Loss on disposal of PPE	-	-	-	-	-	84 595
Total Expenditure	**258 229 472**	**42 487 118**	**300 716 590**	**283 162 029**	**(17 554 561)**	**228 824 355**
Surplus/(Deficit)	**(6 480 472)**	**1 420 754**	**(5 059 718)**	**5 639 408**	**10 699 126**	**9 982 059**
Transfers recognised - capital	55 301 000	(34 624 956)	20 676 044	19 831 596	(844 448)	24 528 783
Contributions Recognised - Capital	-	-	-	-	-	856 772
Surplus/(Deficit) for the year	**48 820 528**	**(33 204 202)**	**15 616 326**	**25 471 004**	**9 854 678**	**35 367 614**

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	550 000	-	550 000	549 990	(10)	-
Vote 3 - Corporate Services	-	-	-	-	-	-
Vote 4 - Technical Services	43 701 470	(33 591 094)	10 110 376	9 811 197	(299 179)	1 312 697
Total Multi-year expenditure	**44 251 470**	**(33 591 094)**	**10 660 376**	**10 361 187**	**(299 189)**	**1 312 697**
Single-year expenditure						
Vote 1 - Municipal Manager	84 050	-	84 050	48 014	(36 037)	91 820
Vote 2 - Finance	280 000	-	280 000	178 671	(101 329)	120 122
Vote 3 - Corporate Services	4 683 330	116 100	4 799 430	4 699 292	(100 138)	4 404 598
Vote 4 - Technical Services	19 901 200	(1 034 542)	18 866 658	16 934 084	(1 932 574)	29 258 253
Total Single-year expenditure	**24 948 580**	**(918 442)**	**24 030 138**	**21 860 060**	**(2 170 078)**	**33 874 793**
Total Capital Expenditure by Vote	**69 200 050**	**(34 509 536)**	**34 690 514**	**32 221 247**	**(2 469 267)**	**35 187 490**
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	84 050	-	84 050	48 014	(36 037)	91 820
Budget and treasury office	830 000	-	830 000	728 661	(101 339)	120 122
Corporate services	2 229 000	(463 500)	1 765 500	1 656 822	(108 678)	1 380 311
Community and public safety						
Community and social services	719 000	32 300	751 300	746 271	(5 029)	1 266 991
Sport and recreation	2 687 330	711 600	3 398 930	3 104 144	(294 786)	1 992 064
Public safety	1 020 000	(660 000)	360 000	419 795	59 795	496 465
Housing	38 550 000	(38 550 000)	-	-	-	5 680 597
Economic and environmental services						
Planning and Development	50 000	-	50 000	3 788	(46 212)	3 190
Road transport	4 380 000	(28 742)	4 351 258	3 705 484	(645 774)	3 597 153
Trading services						
Electricity	5 690 000	5 000	5 695 000	4 930 310	(764 690)	4 116 762
Water	10 877 670	1 989 246	12 866 916	12 588 501	(278 415)	13 737 549
Waste water management	1 446 000	2 479 560	3 925 560	3 821 789	(103 771)	2 123 274
Waste management	637 000	(25 000)	612 000	467 669	(144 331)	581 192
Total Capital Expenditure - Standard	**69 200 050**	**(34 509 536)**	**34 690 514**	**32 221 247**	**(2 469 267)**	**35 187 490**

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	16 146 000	3 841 228	19 987 228	19 154 370	(832 858)	23 650 564
Provincial Government	39 155 000	(38 550 000)	605 000	604 990	(10)	828 152
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	55 301 000	(34 708 772)	20 592 228	19 759 360	(832 868)	24 478 715
Public contributions & donations	-	83 136	83 136	71 549	(11 587)	-
Borrowing	6 130 000	-	6 130 000	5 233 301	(896 699)	5 250 013
Internally generated funds	7 769 050	116 100	7 885 150	7 157 037	(728 113)	5 458 762
Total Capital Funding	**69 200 050**	**(34 509 536)**	**34 690 514**	**32 221 247**	**(2 469 267)**	**35 187 490**

APPENDIX F
BERGRIVIER MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	51 928 000	(814 000)	51 114 000	51 010 061	(103 939)	46 429 962
Service charges	137 568 203	10 676 343	148 244 546	139 376 722	(8 867 824)	124 610 594
Other revenue	12 644 889	(2 144 599)	10 500 290	9 701 781	(798 509)	10 010 161
Government - operating	40 517 000	30 130 988	70 647 988	74 142 246	3 494 258	35 513 081
Government - capital	55 301 000	(24 475 488)	30 825 512	19 659 572	(11 165 940)	24 528 783
Interest	2 250 000	1 000 000	3 250 000	4 296 966	1 046 966	3 232 674
Payments						
Suppliers and employees	(255 057 877)	26 876 153	(228 181 724)	(242 204 393)	(14 022 669)	(182 149 734)
Finance charges	(10 892 892)	6 962 892	(3 930 000)	(5 798 289)	(1 868 289)	(6 253 205)
Transfers and grants	(3 331 000)	-	(3 331 000)	(3 214 250)	116 750	(3 090 500)
NET CASH FROM OPERATING ACTIVITIES	**30 927 323**	**48 212 289**	**79 139 612**	**46 970 416**	**(32 169 196)**	**52 831 816**
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	105 263	105 263	-
Decrease (increase) other non-current receivables	851 053	(1 001 602)	(150 549)	-	150 549	27 000
Payments		-				
Capital assets	(30 750 050)	(14 173 748)	(44 923 798)	(32 221 246)	12 702 552	(34 330 717)
NET CASH USED IN INVESTING ACTIVITIES	**(29 898 997)**	**(15 175 350)**	**(45 074 347)**	**(32 115 983)**	**12 958 364**	**(34 303 717)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	6 130 000	-	6 130 000	6 130 000	-	-
Increase (decrease) in consumer deposits	135 792	(27 991)	107 801	276 434	168 633	193 824
Payments						
Repayment of borrowing	(2 465 335)	(10 354 929)	(12 820 264)	(3 945 374)	8 874 890	(4 094 034)
NET CASH FROM FINANCING ACTIVITIES	**3 800 457**	**(10 382 920)**	**(6 582 463)**	**2 461 060**	**9 043 523**	**(3 900 210)**
NET INCREASE/ (DECREASE) IN CASH HELD	**4 828 783**	**22 654 019**	**27 482 802**	**17 315 493**	**(10 167 309)**	**14 627 889**
Cash/cash equivalents at the year begin	37 798 629	4 828 783	42 627 412	48 344 026	5 716 614	33 716 137
Cash/cash equivalents at the year end	42 627 412	27 482 802	70 110 214	65 659 519	(4 450 695)	48 344 026